

## FINANCIAL TIMES

Weekend April 11/12 1992

EUROPE'S BUSINESS NEWSPAPER

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## Markets soar on Tory win

Kinnock's  
potential  
successors  
ready for  
contestBy Peter Marsh,  
Economics Staff

BILLIONS of pounds poured into UK government bonds yesterday from investors in Britain and around the world who reacted with relief to news that the Conservative government had been returned with a clear majority.

Shares, sterling and government bonds all surged yesterday indicating the belief within financial markets that Mr John Major's return to Downing Street strengthens the chances of a UK economic recovery.

Mr Major's victory also sparked expectations that the government might soon cut base rates, now at 10.5 per cent, in a bid to bolster the fragile signs of an upturn.

However, the Bank of England, in its money-market operations, signalled that any imminent move to shave borrowing costs was unlikely.

Banks and building societies believe the Conservative election victory has set the stage for a recovery in the housing market in the second half of the year.

On the London stock market, the FT-SE 100 index of leading shares leapt by 186.2 to 2,572.6, the highest one-day rise since October 1987.

UK government bonds - or gilts - closed up 4 points higher, enabling the Bank of England to sell up to £4.5bn worth of bonds during the day.

A large proportion of these bonds, sales of which help to pay for public-sector borrowing, were purchased by investors from Japan, the US and other parts of Europe.

Also fueling optimism was the overnight rise in the Tokyo stock market, combined with a firm tone on Wall Street, which bolstered hopes that the flagging Japanese economy would not materially affect global growth prospects.

Investors also switched money out of other currencies and into sterling, which rose against the D-Mark by nearly 3



Man of the people: John Major is congratulated by the crowds in Downing Street following his election victory

Photograph by Anthony Ashwood

## Major to shake up government

By Philip Stephens,  
Political Editor

MR JOHN MAJOR will today radically reshape his government in the wake of a spectacular general election victory which gave him a personal mandate from the voters and guaranteed the Conservatives an historic fourth term in office.

As the final results confirmed all the predictions of the opinion polls to give him a 21-seat overall majority, the prime minister prepared to put his personal stamp on the new administration with a large-scale cabinet reshuffle.

The Conservative victory celebrations were mirrored by an agonising post-mortem by Labour which is expected to lead to Mr Neil Kinnock's resignation as party leader.

Paddy Ashdown blamed a slump in support for the Liberal Democrats on a last-minute flight of supporters to the Conservatives because of their fear of a Labour government.

Senior figures on all sides agreed that the key to Mr Major's victory had been his strong personal standing alongside powerful fears among voters that Labour's tax and economic policies would hit incomes and prolong the recession.

Mr Kenneth Baker, home secretary, Mr Tom King, defence secretary, and Mr Peter Lilley, trade and industry secretary, were among those tipped last night to be among the casualties of Mr Major's reshuffle.

Among those likely to be rewarded with a more prominent role were Mr Michael Heseltine, environment secretary, Mr Kenneth Clarke, education secretary, and Mr David Mellor, chief secretary to the Treasury.

Mr Major is expected to promote a woman to the cabinet, giving the department of employment to Mrs Gillian Patten - the most senior of eight ministers to lose their seats - should retain a prominent role in shaping his government's programme.

## ELECTION 1992

- Personal mandate delights Major
- 'Most business on any day since Big Bang'
- Voters follow same pattern across country
- Results in full
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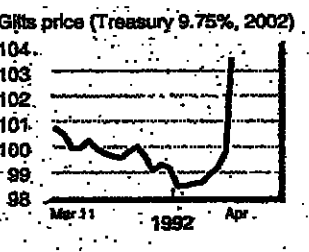
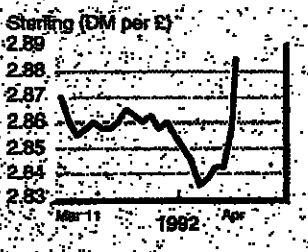
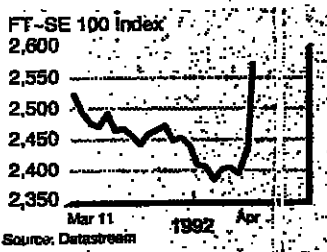
Shepherd or Baroness Emily Blatch. There was uncertainty over whether Mr Norman Lamont would remain as chancellor or whether he would be offered another senior post at the Home Office or defence.

Mr Major's task was complicated by the defeat in Bath of Mr Chris Patten, the Conservative party chairman. The prime minister is determined that Mr

The reshuffle, which will underline the prime minister's break with Mrs Margaret Thatcher, will be accompanied by the most radical shake-up of Whitehall responsibilities since the early 1970s.

Two cabinet posts are to be created, the department of energy abolished and several departments will see some of their responsibilities transferred. The latter will include the transfer to the Treasury of the Trade and Industry Department's responsibility for regulation of the financial services industry.

Speaking at a victory celebration in Downing Street, Mr Major repeated a promise, first given when he replaced Mrs Thatcher as party leader, to work towards the creation of a classless society "at ease with itself".



## Lloyds 'poised to bid for Midland'

Lloyds Bank is likely to bid for high street rival Midland if Hongkong Bank does not offer enough for Midland in its takeover attempt, sources close to Lloyds said. Page 32

**De Klerk breakthrough:** South African president F W de Klerk spoke of a breakthrough in relations with former enemy Nigeria. Page 32

**British Aerospace** put tip for sale a majority stake in its profitable corporate jets business as part of a rationalisation strategy. Page 32

**Rolls-Royce** will provide engines and parts worth up to £490m for Russian aircraft. Page 2

**US inflation rate rises:** The US bond market was jolted by an unexpected jump in consumer prices last month which took the annual rate of inflation up to 3.2 per cent. Page 3

**Littwoods**, privately owned retailing and football pools group, has called off talks to sell its home shopping division to German mail order group Quelle. Page 18.

STOCK INDICES	
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FINANCIAL TIMES No 31,733 Week No 15

Mortgage lenders  
forecast pick-up  
in house prices

By David Barchard

BANKS and building societies believe the Conservative election victory has set the stage for a recovery in the housing market in the second half of the year.

However, a pick-up may take some months to assert itself. Most mortgage lenders believe any recovery in the second half will simply cancel out the fall in prices in first half, leaving the market flat at the year-end.

By next year, the picture could be different as house prices make further gains.

Halifax Building Society, the largest UK mortgage lender, said: "The end of uncertainty is good news for the housing market. Confidence should now return, with more house sales and a gradual recovery in prices."

Mr Geoffrey Miller, managing director of Barclays Banking Divisions, said: "We are pretty confident that a consumer-led recovery will now get under way and the housing market will be the first sector to benefit."

Mr John Wriglesworth, housing finance analyst at UBS Phillips & Drew, the City stockbroker, said: "There is a lot of pent-up demand in the market. There are still

some things hindering a recovery, including rising unemployment. But two of the main obstacles - political uncertainty and fear of further house price falls - have now gone."

Mr John Bayliss, managing director of Abbey National, said: "I think the market will pick up slowly, but buying a house will never be as easy or as cheap as it is now."

Figures published by Halifax yesterday show that house prices were static last month after falling by 1.2 per cent in January and 1.1 per cent in February. House prices in the south-east are now 7.7 per cent below their level of a year ago. Halifax forecast that prices should be on a gently rising trend by the end of the year, though they are likely to remain weak for the next few months. Prices were generally stronger outside the south of England, it said.

Banks expect a gradual decline in base rates from the present 10.5 per cent. Mr Michael Shaw, chief executive of Britannia Building Society, warned that there may be increased competition in the savings market.

Champagne  
unmatched  
by retail fizz

By Neil Buckley

CHAMPAGNE flowed in the City of London yesterday to celebrate the election result. Many employees were given extended lunch hours, and one wine bar ran out of champagne. Mr Gilbert McClung, a City lawyer, had begun to celebrate as soon as the Tories looked set for victory. "A Conservative government has given me £5,000 to spend and I am starting to spend it now."

The crowds in Oxford Street remained cautious, however, mainly confining themselves to window-shopping because of high interest rates and the possibility of losing their jobs.

Mrs Helen Walker, whose husband is unemployed, said: "We come here every week and we've never seen the shops so empty. It's still getting worse, and I can't see it improving very quickly."

Mr Pete Lucas, a jazz musician, was also cautious. "People aren't going to start spending more money yet because they haven't got it to spend. I'm finding it very difficult to get any work and where I live there are shops closing every week."

Mr James Carpenter, a university student, was more optimistic, perhaps because he had just been offered a job as a financial consultant.

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## NEWS: INTERNATIONAL

## NEWS IN BRIEF

## Kohl's support slips amid migrant fears

SUPPORT for the German government has fallen to its lowest level for three years, and anxiety over the flood of asylum-seekers has risen sharply, according to a poll by the ZDF television station this week, writes Christopher Parkes in Bonn.

Although support for far-right parties, which made strong gains in state elections last weekend, has increased, they would be unlikely to win seats in the federal parliament if an election were held tomorrow.

Almost two-thirds of the sample named asylum as the country's most serious problem. This was the issue which won the Deutsche Volkspartei and the Republicans their backing last weekend. Latest estimates suggest 400,000 refugees will arrive this year.

The ruling Christian Democrats would win 39 per cent of the votes in an immediate election, compared with 43 per cent last month, the poll found. The Social Democrats' share would be unchanged at 38 per cent.

The Republicans, who captured 11 per cent of the vote in Baden-Württemberg on Sunday, would win 4 per cent, compared with 2 per cent last month. Parties need 5 per cent to gain Bundestag seats.

## Sri Lanka car bomb kills 10

A bomb exploded in the suburbs of the Sri Lankan capital Colombo last night, killing at least 10 people and injuring 35, Reuters reports from Colombo. Police said they suspected the separatist Tamil Tigers placed the bomb in a parked car. Earlier at least 45 people were killed by a bomb on a bus and in two ambushes in eastern Sri Lanka yesterday. The authorities again blamed Tamil separatists.

## CIS energy talks collapse

Talks on the signing of a multilateral treaty to help the Commonwealth of Independent States (CIS) and east European states exploit their energy resources have been suspended until June because of the inability of CIS members to commit themselves to the agreement, writes Andrew Hill in Brussels. The treaty will underpin the European energy charter, a political declaration which was signed in December by nearly 50 states, including European Community members, the US and Japan. The charter aims to encourage investment, and aid regeneration of the east and central European economies.

## Russian nuclear safety doubts

Nuclear experts from 13 countries and several international organisations yesterday called for urgent action to improve safety at the 15 Chernobyl-type RBMK reactors in Russia, Lithuania and Ukraine. Clive Cookson writes in London. They were meeting at the International Atomic Energy Agency in Vienna to discuss last month's accident at the Sosnovy Bor reactor near St Petersburg, in which a damaged seal caused a leak of radioactive gas.

## Mexican prices rise 1%

Mexico's consumer price index was up 1 per cent in March, against 1.2 per cent a month earlier, Jeanne Grant reports from Mexico City. Although inflation continues to fall this year, the cumulative increase for the first three months of 1992 now stands at 4.1 per cent. Single-digit inflation, the government's goal for the year, seems unlikely to be achieved. Most analysts predict a figure of between 12 and 14 per cent.

## Konica to market tiniest camera

Japanese camera maker Konica will next week put on the market the world's smallest single-use camera, the size of a packet of cigarettes, the company told Reuters in Tokyo yesterday.

## Australians in gold-mine deal with Russia

By Leyla Boulton in Moscow

THE Russian government yesterday approved a ground-breaking deal letting foreigners into the country's jealously-guarded gold mining industry. Strengthened by his survival of the Russian congress's attempts to sack him, Mr Yegor Gaidar, the first deputy prime minister, finally signed a resolution allowing Lenzoloto, a state-owned Siberian gold producer, to team up with an Australian consortium, Star Technology Systems.

The deal is the first to involve a foreign company directly in the flagging Russian gold industry since Stalin brought in western know-how for a brief period starting in 1927. The now-independent republics of Uzbekistan and Kazakhstan are also entering partnerships with foreign gold mining companies.

Under the long-debated deal, Star will obtain a 31 per cent stake in Lenzoloto in return for an injection of cash and technology to develop its prime Sukhoi Log mine and reduce waste in existing alluvial, open pit and underground operations.

The Russian government and the local authorities of the Irkutsk region will also hold minority stakes, with Lenzoloto.

to its management retaining control of operations spreading over a territory of 105,000 sq km, along the Lena River.

Star, which includes two listed Australian mining companies and unnamed private investors, has been working on the deal for more than two years. The final agreement appears however to have been well worth the effort.

Star will be entitled to a third of the profits from sales of the gold, which will go exclusively to the state at a price to be determined by the government.

Although figures for the size of Lenzoloto's reserves were not immediately available, one foreign executive described them as being "elephant-sized". The deal has run into strong opposition from Mr Valery Rudakov, the powerful head of Rosnalmazoloto, the central gold-producing authority, who believes Sukhoi Log should be put out tender "if it has to be given to foreigners in the first place".

Russia is believed to have produced around 240 tons of gold last year - the world's third largest producer after South Africa and the US. The neighbouring Irkutsk and Yakutia gold mining regions together account for more than a fifth of Russian gold output.

## Yeltsin defeats challenge to his economic reforms

PRESIDENT Boris Yeltsin yesterday appeared to beat off the Russian parliament's challenge to his economic reforms after deputies dropped demands that he redraft a plan agreed with the International Monetary Fund. Leyla Boulton writes.

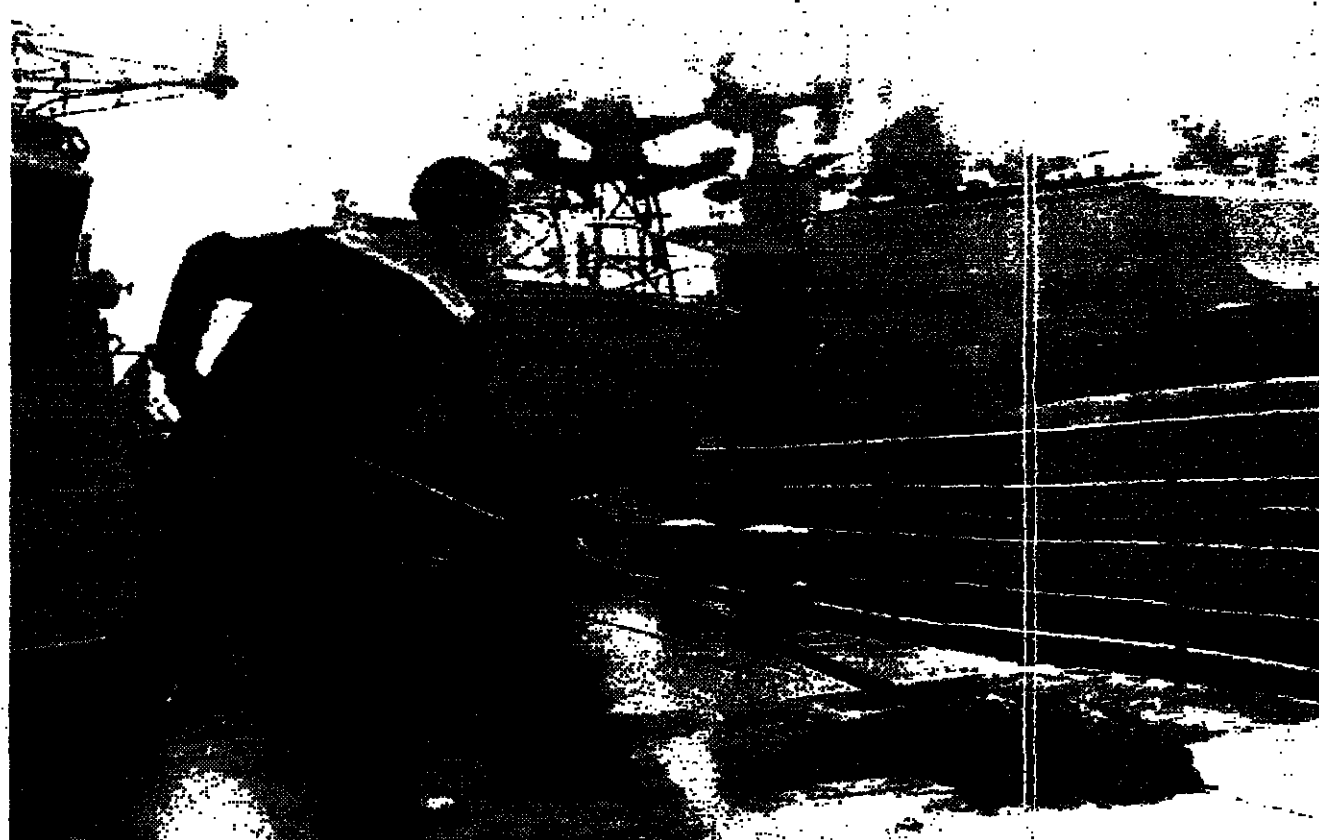
He also won overwhelming backing for a new federation treaty binding together Russia's ethnic regions.

Mr Yeltsin now has one final hurdle to overcome when deputies vote this weekend on whether to press demands that

he give up the premiership and cut back his government of young economic reformers.

In a veiled threat to go to the country with a referendum on his right to rule with strong powers, the Russian leader warned the restive Congress of People's Deputies "not to put pressure on me".

He asked the congress to delay until September a proposed deadline at the end of May for him to introduce a new law which would deprive him of the right to nominate and head the cabinet.



A sailor cleans the deck on one of the 380 ships of the Black Sea fleet

## Fleet sails uncharted waters

Chrystia Freeland reports on life under two flags on the Black Sea

MOORED in Sevastopol's historic harbour, the anti-submarine ship Skoryi ("Quick") flies the red, white and blue Soviet naval flag, whose hammer and sickle represents a country which no longer exists.

The flag is an oddly appropriate symbol for the Black Sea fleet, which has been consigned to limbo by the unstable compromise Ukraine and Russia have achieved after a five-day struggle for control of the fleet.

The conflict over the former Soviet Union's most powerful warm-water naval force, which includes 350 ships, 150 aircraft and 28 submarines with nuclear capacity, marked a low point in Ukrainian-Russian relations.

Unable to enforce their rival claims to the fleet or to hoist their national flag on its ships, Ukraine and Russia have suspended their decrees. The fleet has reverted to the shaky status quo ante - the Commonwealth of Independent States.

That is fine with the Skoryi's 34-year-old captain, Andrei Reshetov.

"If we are forced to divide the fleet there will be chaos. No-one will benefit," he says. "It would be better not to have to divide anything."

Captain Reshetov's ship is the ninth to bear the name Skoryi; he says the original was built by Russia's first naval enthusiast, Peter the Great.

But Captain Reshetov holds with a different tradition. He emphasises that the Black Sea fleet was "Soviet, not Russian", and portraits of Lenin are ubiquitous aboard his ship.

Bristling with missiles, the 20-year-old Skoryi is half-way in size between a corvette and a destroyer. It is designed primarily to fulfil strategic tasks in the Mediterranean, hunting submarines and attacking aircraft.

Over lunch in the wood-paneled officers' mess hall, where the same congealed

noodles are on offer as are served to the enlisted men, it is evident that Captain Reshetov and his officers are primarily concerned about preserving the strategic functions of their ship.

A Ukrainian takeover poses a certain threat, given Ukraine's vow to become non-nuclear and restrict its fleet to the Black Sea. Nonetheless, most officers say they will favour whichever republic acquires political control over the fleet, although on the Skoryi they expressed a preference for Russia.

Below decks, where bunks are stacked in three, sympathies swing the other way. Most recruits have been drafted from Ukraine and even the ethnic Russians among them say they hope the fleet will become Ukrainian's.

Deputy captain Igor Prutkov sums up his ship's predicament: "What are we to do - raise the blue and yellow Ukrainian flag at the stern and the Russian tricolor at the bow?"

## Rolls-Royce wins Tupolev engine deal

By Leyla Boulton

ROLLS-ROYCE will provide engines for a new Russian passenger aircraft under an ambitious manufacturing deal concluded yesterday which could bring the UK aero-engine manufacturer about £490m worth of business over the next decade.

The agreement, signed in Moscow by Robert Fleming, the UK investment management company, with Russia's Tupolev design bureau and Aviatar, the country's biggest aircraft plant, creates a joint

stock company to produce and market a 200-seat twin engine passenger aircraft.

The aircraft, known as the TU-204 in its existing Russian-only form, will be fitted with Rolls-Royce RB211-635 engines and western avionics. The avionics supplier has yet to be determined.

The pioneering deal not only gives a foreign company a direct stake in the Russian aviation industry but represents a badly-needed victory for the Russian government's campaign to attract foreign capital

despite the obstacles facing potential investors.

The British-Russian Aviation Corporation (Bravia) will be 50 per cent owned by a subsidiary of Fleming's Russian investment fund, with Tupolev and Aviatar holding 25 per cent each.

The deal seeks to marry Russia's manufacturing capacity and cheap labour force with western know-how to produce a low-cost aircraft which can compete with western counterparts.

Its nearest western equivalent

is the US Boeing-757, which is powered by the same engine.

The engines are to be paid for with foreign exchange earnings from the sale of the aircraft either outside Russia or to airlines inside the country once they have access to hard currency.

The first two engines, for a test aircraft, are due to be delivered to Russia in May.

Although Rolls-Royce will not hold a stake in the company, it will have a seat on the board of directors.



## The Crimea Revisited

### A voyage of discovery in the Black Sea

20th September to 1st October 1992

You are invited to explore the historical sites around the Black Sea, in the company of the Financial Times, aboard the cruise ship the MS Caledonian Star. This trip had been made possible by the dramatic political changes in the region, and only now are westerners able to visit such places as Sevastopol, and the battlefields of the Crimea.

But while our tour will range historically from Troy to Yalta, and take in Gallipoli on the way, this is not just an opportunity for the military historian. We shall join the MS Caledonian Star in Istanbul, and the passage includes visits to the Danube Delta, a haven for birdlife, Odessa with its French flavour, Sinop on the northern tip of Anatolia, and time will be set aside to sample the Massandra wines during our stay in Yalta.

The high standards of the Caledonian Star and her Scandinavian officers give us an excellent and comfortable base from which to enjoy the Financial Times tour. The guest lecturers will include Sir Julian Paget and other authorities, including an FT journalist, thus ensuring that what we offer is only available through this invitation. Please write now for further details.

DAY 1. London Heathrow to Istanbul and embark on the MS Caledonian Star.  
DAY 2. Istanbul. A day of exploration. Sail early evening through the Sea of Marmara.  
DAY 3. Canakkale. Visit the ancient site of Troy.  
DAY 4. At sea. Sailing close inshore past Cape Helles to Sulva Bay, we shall see the beaches where the Gallipoli landings took place in 1915.  
DAY 5. Samsun. Danube Delta. Here is one of the most outstanding wildernesses left in Europe where we hope to see many species of waterbirds and eastern European birds.  
DAY 6. Odessa. See the Potemkin Steps and the Archeological Museum.  
DAY 7. Sevastopol. Visit 'The Panorama' for a valuable introduction to the Crimean War, followed by a city tour and visits to other museums.  
DAY 8. Sevastopol. Full day excursion to the battlefields with picnic lunch. Firstly visiting Balaklava, the ruins at Inkerman and the Chernaya Battlefield. Sail during dinner to Yalta.  
DAY 9. Yalta. Morning visit to the Livadia palace, followed by an early lunch and afternoon drive through wine country, finishing with a tasting at the Massandra wine cellar.  
DAY 10. At sea.  
DAY 11. Sinop. Here, in northern Turkey, we shall walk around the old town visiting the ruins of the Citadel defence walls.  
DAY 12. Istanbul. Those who wish to stay on in Istanbul, may take advantage of a specially arranged 3 night stop at the Hilton Hotel. Twin £165, Single £275, including breakfast, excursions, entrance fees, guest speakers, tour managers.  
Prices range from £1,395 per person for an outside two-berth cabin with shower and wc, to £2,800 for a two-berth suite. Singles from £2,350. Prices include: British Airways London/Istanbul, 11 nights on the MS Caledonian Star on full board, excursions throughout including lunches where applicable, entrance fees, guest speakers, tour managers.  
Tickets are subject to availability. Addresses supplied by readers in response to this invitation will be retained by the Financial Times, which is registered under the Data Protection Act 1984.  
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## Refugees flee under fire from Bosnian town

By Laura Silber in Mali Zvornik, Serbia

MOSLEM and Serb refugees streamed across the River Drina into Serbia yesterday from the embattled frontier town of Zvornik in northeast Bosnia, as it again came under Serb mortar and artillery fire.

Serb irregular forces moved to wipe out pockets of Moslem resistance in the town, after earlier Serbian reports that Zvornik had been "liberated".

Fighting continued across Bosnia despite a warning by

the Yugoslav armed forces that they would intervene unless peace was restored.

The republic has been engulfed by violence since its independence was recognised by the European Community and the US this week. Serbs, who make up 38 per cent of the 4.4m population, vehemently oppose independence, while Moslems and Croats support it.

Witnesses in Sarajevo, the Bosnian capital, said Serbs hit a police station with artillery and mortars, but Belgrade radio said the building was

attacked by Moslems. Clashes between Serbs and Moslems were also reported in Visegrad and Foca, eastern Bosnia.

Among the refugees hurrying from Zvornik across the bridge into the Serbian town of Mali Zvornik, was Amela, a Moslem with two children in tow, who clutched the few possessions she could carry. "Serb fighters took our car," she said. "My uncle was killed while peering out the window. If we can ever return, who knows what will be left after the looting and destruction."

There were reports in Belgrade, the Serbian and federal capital, of people being called up for military service, signalling that the army might intervene. It warned on Thursday night that it would take action.

General Bozidar Stevanovic, federal air force chief, told Mr Alija Izetbegovic, the Moslem president of Bosnia: "We will take full combat measures against objects and formations... if stolen military equipment is not returned and armed attacks on units and facilities do not cease."

## Peruvian jail massacre feared

By Leslie Crawford in Lima

PERUVIAN human rights groups said yesterday they feared an imminent massacre inside a high security prison for Sendero Luminoso (Shining Path) guerrillas, after troops and armoured vehicles were seen entering the precinct.

One of President Alberto Fujimori's first decrees after overthrowing democracy in a palace coup last Sunday was to put the army and police in charge of Peru's prisons. The wardens were perceived to have lost control inside jails such as the Miguel Castro Castro, which the Shining Path has turned into a no man's land.

A heavy crackdown inside Castro Castro would allow Mr Fujimori to claim an early success for his military-backed "emergency government". It would boost army morale and raise the president-turned-strongman's already high rating in public opinion polls.

In a further indication of a crackdown, the army has requisitioned a large hospital in Lima in apparent anticipation of heavy casualties.

The tension surrounding the army's next move has added to the state of limbo that has engulfed the capital following Mr Fujimori's coup.

On the surface, little has changed in Lima: The tanks



Fujimori sent army in

Snap opinion polls this week gave Mr Fujimori over 70 per cent support for knocking out the two other powers of the state.

The president is using his standing in opinion polls to legitimise his actions. "Congress was not a temple of democracy. It was a market for bartering laws," he told a gathering of exporters, promising to excise corruption from all walks of public life.

His speech, broadcast live to the nation, was strong on rhetoric and short on concrete plans for government. As he claimed that supreme court judges could be bribed for a mere \$20,000 (£11,600), several of the sober-suited gentlemen in the audience looked embarrassed.

Mr Fujimori on Thursday sacked 15 judges who had been appointed by his predecessor and arch-enemy, Mr Alan Garcia. Mr Garcia is in hiding, along with another dozen leading figures of his party, the American Popular Revolutionary Alliance.

Several other politicians have been placed under house arrest or detained. The repression has been selective but it has thrown political parties into disarray. Free censorship has been lifted, and one can talk to detained congressmen on the telephone, even as their houses are surrounded by

tanks and army units.

A large number of the now redundant congressmen met in secret on Thursday night to elect President Fujimori's successor, Mr Carlos Garcia Garcia. It was a symbolic action, almost devoid of meaning in the face of so much public indifference.

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مكتبة المستقبل



## Bonds jolted by jump in US inflation

By Michael Prowse in Washington

THE US bond market was jolted yesterday by news of an unexpected 0.5 per cent jump in consumer prices last month.

The jump in inflation came only a day after the Federal Reserve, the US central bank, cut interest rates by a quarter point to 3.75 per cent in an attempt to accelerate a weak economic recovery.

The rise in prices, the largest for 17 months, took the annual rate of inflation to 3.2 per cent, compared with 2.8 per cent in February.

The benchmark 30-year long bond initially fell more than half a point, but regained some ground by midday as analysts pointed to the dangers of taking one month's figures too seriously.

The increase in prices was broadly based, with food, energy, clothing and transportation prices all registering big gains. The "core" consumer price index, which excludes food and energy, rose 0.5 per cent last month, nearly twice the increase analysts had expected. On an annual basis,

core inflation rose to 3.9 per cent last month, against 3.7 per cent in February.

The jump in inflation was a minor embarrassment for the Fed which nudged interest rates lower partly on the basis of encouraging figures for wholesale price inflation. Producer prices, reported on Thursday, rose only 0.2 per cent last month and by 0.9 per cent in the year to March.

The poor consumer price figures may raise fears that inflation will accelerate again if the economy recovers from three years of abnormally sluggish growth. Most analysts, however, were inclined to treat the March figures as an aberration. The economy is widely seen as too weak to sustain price increases of this magnitude.

"I expect the underlying rate of inflation to continue to drift down, but slowly," said Mr Neal Soss, chief economist at First Boston Corporation, a New York financial services company.

Some analysts, however, said the unexpected jump in prices would make the Fed reluctant to sanction any further cuts in interest rates.

## Democrats losing defence budget battle

By George Graham in Washington

DEMOCRATIC leaders in Congress appear to be losing the battle to cut defence spending in order to release more money for domestic programmes.

Republican congressmen backing the \$281bn (£163.30bn) defence budget proposed by President George Bush for 1993 have won support from some Democratic members, many of them driven by fear that military spending cuts could affect defence industries or army bases in their home states.

Although President Bush's defence proposal already represents a cut of around 1 per cent in real terms from this year's budget, the Democratic leadership has argued for deeper cuts, particularly in major equipment programmes.

But a proposal from Senator James Exon of Nebraska to cut a further \$4bn from the defence budget failed in the Senate this week. Mr Exon complained that the administration and the defence industry had dishonestly exaggerated the job losses that deeper defence cuts would cause.

"The military-industrial complex is alive and well," Mr Exon grumbled.

The House of Representa-

tives had earlier approved a budget resolution that would inflict more severe spending discipline on the Pentagon, but congressmen are finding it difficult to enact the individual cuts that would make up this overall reduction.

Indeed, a House appropriations committee is ready to reverse one of the cuts President Bush has proposed, by authorising a second Seawolf submarine.

At \$2bn each, the Seawolf is one of the most costly pieces of military equipment in the US budget.

It was also the only defence programme that the Pentagon described as specifically designed to counter the Soviet Union, and it has been hard to argue — as supporters of the B2 stealth bomber attempted to do — that it would be equally useful for the smaller regional wars which now loom largest in the US's military planning.

Democratic opposition in the Senate to deeper defence cuts is led by the two senators from Connecticut, who have been desperate to preserve their constituents' jobs at the Groton yard which is building the Seawolf.

The political difficulty of cutting defence programmes may increase pressure to cut the Star Wars budget.

## Mickey Mouse lures the stars in Paris

By Alice Rawsthorn in Paris

WESTERN Paris will be packed with traffic tonight as hundreds of politicians, journalists, stars, and anyone else who has laid hands on an invitation arrive at Marne La Vallée for Euro Disneyland's eve-of-opening gala.

Euro Disneyland, the biggest and most expensive theme park in Europe, officially opens tomorrow. But the celebrations start this evening when guests, clad in the Mickey Mouse sweatshirts which are obligatory garb for the night, are let loose on the attractions. A string of stars — from Tina Turner to José Carreras — will croon for a "musical spectacular" to be broadcast on French television.

Anyone who has glanced at a French newspaper or magazine recently could be forgiven for thinking Euro Disneyland had already opened. The French press, which followed every hitch and suspected hitch in the park's construction with avid attention, has flung itself into a furore over the pros and cons of Paris's latest tourist attraction.

So far the French public has heard more about the cons. Le Nouvel Observateur, the leftish weekly, has devoted four pages to whether the park was a "cultural Chernobyl".

A group of intellectuals polled by Figaro, the right-wing daily, voted solidly against Euro Disneyland. One dismissed it as "a construction of hardened chewing gum and idiotic folklore taken straight out of comic books written for obese Americans". Another hoped "with all my heart" that it would be "burnt down".

Euro Disneyland does have some supporters. Mr André Glucksmann, the pop philosopher, leapt to its defence in the International Herald Tribune. "This may come as a surprise but I don't feel attacked either by an outside enemy or a hostile foreigner," he said.

One bastion of the French media has remained loftily aloof from the debate. The venerable Michelin has devoted its latest guide to what to do in and around Euro Disneyland. The "white knuckle" attractions — the Phantom Manor haunted house with its 999 ghosts and the runaway minecart — come out tops with the ultimate accolade of three stars.

But only one of the park's cafés and restaurants, the Lucky Nugget Saloon, was deemed worthy of a star — and that was for "interest", not food. Mouse that Roared, Weekend FT Page IX

## Bargain hunters send Tokyo stocks soaring

By Stefan Wagstyl in Tokyo

JAPANESE stocks rebounded yesterday as investors sought bargains following the market's recent sharp fall.

The Nikkei index of leading shares rose 1,282.51 points to 17,850.66, its fifth-largest single-day jump. Prices were buoyed by the easing of US interest rates, strong rises in American stocks and bonds and, above all, by a sense that the recent sell-off had gone too far.

Shares opened at their low and rose continuously through the day to close at their high. Yet, stockbrokers said many

investors remained nervous and uncertain about how long the rally would last.

Mr Shigeru Akiba, of UBS Phillips and Drew, the Swiss-owned broker, said: "Of course investors can take some comfort from the size of the rebound, but this sort of volatility is not the sign of a healthy market."

The authorities welcomed yesterday's rebound: Mr Hiroshi Yasuda, the vice-minister at the finance minister, said stocks were now at a reasonable level for buying.

A sharp reminder of the continuing problems in the

financial community came with news of the Hachidai Corporation, a property developer, being declared insolvent with debts of ¥114bn (£590m).

A central reason for the market's recent gloom has been concern about the burden of bad debts on banks from speculative investments in stocks and property.

Yesterday bank shares, which had fallen by over 30 per cent since the beginning of the month, recovered sharply with some stocks rising by the maximum permitted daily limit.

Securities industry

executives have repeatedly urged the government to support the market by measures to encourage securities buying and by steps to boost the economy.

Last week's cut in the Official Discount Rate, the Bank of Japan's key lending rate, and plans to bring forward public works spending proved insufficient to restore investors' confidence.

Yesterday, sentiment was buoyed by reports that leaders of the Liberal Democratic Party were considering proposals to cut taxes and boost public spending in the

financial year which started this month by means of a supplementary budget.

Discussions on a possible supplementary budget will now begin in earnest following the passage of the basic budget bill through the Diet on Thursday.

Politicians are also examining plans to allow public sector pension funds to invest a bigger proportion of their money in securities. However, officials of the ministry of finance have so far opposed moves which might appear like artificial efforts to prop up shares.



President Rafsanjani voting yesterday in elections which are expected to strengthen his hand against the radical clergy

## Quiet bewilderment as Iranians cast their votes

By Colin Barraclough in Tehran

IT IS hard to spot an election poster in Tehran this year. On previous polling days they covered this vast city, every wall sprouting slogans and portraits of the ruling clergy.

Instead there was an air of tranquillity yesterday as Iranians voted in parliamentary elections which are expected to strengthen the hand of President Hashemi Rafsanjani and his supporters who want to improve relations with the west. Opposing the president is another Islamic faction, fighting a rear-guard action in the 270-seat parliament to assert a more radical role.

Election days in Iran have not been noted for their tranquillity. Debates in parliament can be fierce and chanting demonstrators fill the streets. In 1988, Islamic radicals hijacked an airliner shortly before the poll. Bombs are not unknown, usually planted by the banned Islamic Marxist opposition.

By contrast, the voting yesterday for the Fourth Majlis (parliament) was a muted

affair. Polling stations were quiet. "I'm sure they will come," said an election official peering anxiously at the empty streets.

The day slid by, much like any other weekend. Friday prayers started with the usual chorus of "Death to America". Friends strolled around Mellat park. Only a few soldiers stood on street corners in case of trouble.

In part, it was the mayor's responsibility. He had declared war on political posters and sent city workers into the streets in hot pursuit of party volunteers. Even before the glue had dried, most of the posters were removed and damaged.

Throughout the past week campaign meetings have been low-key. Like most other candidates, Mr Rajaie Khorassani, former Iranian ambassador to the UN, held his in a mosque. The audience, stragglers from evening prayers, chatted quietly through his speech.

So subdued was the campaign that voters often had little idea of who was who among the bewildering array of candidates. Mr Ali Mohammad Arab,

a 19-year-old conscript from Tehran, proclaimed himself a supporter of President Rafsanjani; in fact, he had voted for a random selection from both sides.

With 30 votes to cast and over 2,000 candidates to choose from, voters had to rely on short lists published in daily newspapers.

If voter-turnout appeared to be low, there was good reason. People are angry at the state of the economy. With prices soaring on the black market and rents nudging European levels, they have a point.

"We are earning in rials and paying in dollars," proclaimed a middle-class Tehrani woman. Many of the middle classes see little point in voting. The only alternative to the government is the Society of Combatant Clergy, militant mullahs in the image of the late Ayatollah Khomeini.

Certainly no one seemed in much doubt that President Rafsanjani will consolidate his support. "We already know who is going to win," said an official from the Ministry of Islamic Guidance.

## Asia's fast-growing economies defy the world recession

By Our Foreign Staff

ECONOMIC growth in Asia is expected to accelerate this year and next, despite sluggish economies in the western world and Japan, the Asian Development Bank forecast yesterday.

The annual economic outlook published by the Manila-based institution predicted growth for the region's developing economies of 6.5 per cent in 1992 and 6.7 per cent in 1993, faster than 1991's 5.8 per cent rise in real gross domestic product.

Increased intra-regional trade and investment were helping to maintain rapid development in Asia, despite the weak performance of big industrial economies, especially the US, which is the region's biggest export market. Malaysia is expected to achieve the fastest growth in the area, followed by Thailand, China and Taiwan. Economic reforms are expected to boost

recovery in South Asia. The ADB warned that environmental degradation, infrastructure bottlenecks and rapid population growth could reduce growth in some Asian countries, and that the slowdown in Japan would affect the region.

It urged governments to spend more to protect the environment and control pollution. "The rapid deforestation of south-east and south Asia under the onslaught of population pressures and indiscriminate logging and farming have increased the incidence of floods and droughts, and created havoc in local economies."

The ADB forecast an Aids epidemic in the region. Of 40m people expected to be infected worldwide by 2000, most would be in Asia. "Preventive measures have to be given top priority by governments sooner rather than later," it said.

In its economic forecasts, the bank said labour shortages, particularly in Hong Kong and

Taiwan, could push up wages and increase pressure to import more manpower. It recommended a shift away from labour-intensive industries.

Rapid economic growth in China, forecast at 7.8 per cent for 1992, will not be sufficient to halt a rise in unemployment, which will intensify because of rises in the work force and structural changes in the economy. China's imports are expected to grow faster than exports, and control of inflation will be essential, the ADB said.

South Korea was confronted with "a large and growing trade deficit, a relatively high rate of increase in wages and prices and infrastructure shortages that are beginning to undermine international competitiveness". It said the Seoul government was faced with tough choices in an election year when fiscal restraint may be more difficult.

## Afghan foes take first step to peace

AGREEMENT has been reached to set up a new ruling council to take power in Afghanistan, United Nations Secretary-General Boutros Boutros-Ghali announced yesterday, Reuters reports from Geneva.

"We have reached an agreement in principle to have a pre-transitional council of 15 members in Kabul, Afghanistan, which will take power now. This is the first step of reconciliation," he said.

The announcement followed months of negotiations by UN special envoy Mr Benon Sevan with the Kabul government, Moslem guerrillas opposing it in the 14-year-old Afghan conflict and the governments of neighbouring countries.

Mr Boutros-Ghali gave no clear indication of when President Najibullah, head of the Kabul administration that long had the backing of the Soviet Union, would step down as he has promised.

He said a time and location had not yet been agreed for the

peace conference that is to be part of the transition process in Afghanistan to a widely-based administration. The new 15-man council would be set up "as soon as possible." Talks were being held on the composition of the council.

An understanding has also been reached that once the council assumes power in Kabul, there will be cessation of hostilities, a declaration of general amnesty to all concerned, guarantees of safety and security for all Afghans, respect of human rights, protection of property and opening of all major routes for commercial traffic, particularly for the shipment of food and other essential commodities," he said.

On Thursday, Pakistan's official APP news agency said the council would replace Najibullah's government by the end of the month and run the country for 45 days before an interim government took over and held elections.

Atlas Copco

## Atlas Copco AB

(Incorporated in Sweden with limited liability. Registered no. 556014-7220)

### NOTICE OF ANNUAL GENERAL MEETING

The Shareholders of Atlas Copco AB are hereby invited to attend the Annual General Meeting to be held on Friday, May 8, 1992 at 4.00 p.m. (Swedish time) in the Berwaldshallen, Strandvägen 69, Stockholm.

#### Agenda

1. Election of Chairman to preside at the Meeting.
2. Preparation and approval of a voting list.
3. Election of one or two persons to approve the minutes.
4. Examination of whether the Meeting has been properly convened.
5. Presentation of the Annual Report, the Auditor's Report on the Parent Company, the Consolidated Accounts and the Auditors' Report on the Group.
6. Consideration of resolutions in respect of the following:
  - (a) the adoption of the Parent Company Income Statement, the Parent Company Balance Sheet, the Consolidated Income Statement and the Consolidated Balance Sheet;
  - (b) the Directors' and the Managing Director's discharge from liability; and
  - (c) the appropriation of the Company's profit according to the adopted Balance Sheet.
7. Determination of the number of Directors and deputy members of the Board.
8. Determination of the fees for the Board of Directors and the Auditors.
9. Election of the Board of Directors and the Auditors.
10. Closing.

#### Right to participate

To be entitled to participate in the Annual General Meeting shareholders must — be recorded in the Shareholders Register maintained by the Swedish Securities Register (Värdepapperscentralen VPC AB) not later than Tuesday, April 28, 1992 and — notify the Company of their intent to participate in the Annual General Meeting not later than 4.00 p.m., Monday, May 4, 1992. Notification of intent to participate in the Meeting may be made in writing to Atlas Copco AB, S-106 20 Stockholm, or by telephone to Int+46-8-7458000.

Shareholders whose shares are held in trust by a bank or private brokerage must temporarily re-register their shares in their own name to be able to participate in the Annual General Meeting. Such re-registration must be completed not later than Tuesday, April 28, 1992. Shareholders should notify the trustee of their desire to re-register in adequate time prior to this date.

A shareholder may attend and vote at the Annual General Meeting in person or by proxy but in accordance with Swedish practice the Company does not send forms of proxy to its shareholders. Shareholders wishing to vote by proxy should submit their own forms of proxy to the Company.

The Board of Directors proposes that a dividend of SEK 8.00 per share be paid to the shareholders. The Board has also decided to propose that the Record Date for the payment of dividends be May 15, 1992. Should the proposals be approved by the Annual General Meeting, it is anticipated that the dividend will be distributed by the Swedish Securities Register Centre on May 22, 1992.

Stockholm, April 1992

The Board of Directors Atlas Copco AB

FT

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## ELECTION 1992

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## Personal mandate delights Major

MR JOHN MAJOR, speaking outside No 10 Downing Street yesterday, described himself as delighted with the outcome of the general election, and in having his own mandate.

He said: "I can now accept that the country has elected me in my own right." Asked when the UK would be out of recession, he replied: "No one can be precisely sure when we will be out of recession. The final ingredient to lift us out of recession was our election victory. We can now move forward."

The prime minister, speaking to reporters and members of the public, said that many governments facing elections in a recession had lost power. "We have bucked that trend," he declared, "and we have bucked that trend in the most spectacular fashion."

Commenting on the opinion polls during the election campaign, he said: "They were

**'I want to make sure that this country can take advantage of all the opportunities'**

wrong, the Conservative party was right."

It was, he claimed, the result that showed that the British people understood the realities. "They understand who is going to get them out of the recession, who is going to build the recovery."

"They actually want to have more of their money in their pockets, to spend in their fashion and they want those choices and opportunities that we are proposing to give them."

Describing his previous 17 months of office as "exhilarating", Mr Major said: "We have in the next few years the most remarkable opportunities in front of us in this country. I want to make sure that this country is in the right position to take advantage of all these opportunities."

He continued: "The first thing we must do is to move the country out of a recession and back into growth, and then we must continue to extend those opportunities and those choices which make such a difference to people's lifestyles, such a difference in the way in which they live their everyday lives free of

interferences from outside." The prime minister added: "I want to see those education opportunities that we have spoken of, the extra training opportunities, the chance for an ever-increasing number of our fellow citizens to own their own homes, to build up their own wealth and their own shares, and to have the opportunity - in due course - of making sure that what they have earned in their lifetime can be handed on to the people they love, and passed on between generations."

"We do believe, as a party, in the cascade of wealth between generations, not least with the security and independence that that provides the people."

Mr Major said: "Let me make it clear beyond a doubt: we shall continue to build up and cherish the National Health Service."

"It will remain as it is now, it will not be privatised, not now, not at any stage while I am in Downing Street."

"We will continue to build it up as an NHS available for all the people in this country in precisely the way it has been in the past."

Speaking of foreign relations, he said: "We propose to do all we can to build up Britain's standing in the world, to play a leading role in the Group of Seven, in the European Community, in the United Nations and in the international events in the world."

Mr Major went on: "When I first had the opportunity of standing on the steps of Downing Street, I said that I believed in a nation at ease with itself, the development of a truly classless society with opportunities for all from wherever they come, and to do whatever they can with their own lives by their own efforts and with encouragement to achieve everything that they can."

"That is the sort of society that my colleagues and I will be working hard to build in the next few years." Asked about the Conservative party's performance in Scotland, Mr Major said that - in spite of some predictions that the party there would be "wiped out" - "as far as I can see, our votes were up in Scotland, our seats were up in Scotland and our argument is getting through in Scotland. We will continue to debate all the constitutional issues in Scotland and take stock as I promised."



## Ashdown's guns spiked by prospect of Labour

WAVERING TORY voters' fears of a Labour government were blunted yesterday by Mr Paddy Ashdown for turning what could have been a remarkable lift-off for his Liberal Democrat party into a damage limitation exercise.

The Liberal Democrats, as much as Labour, were victims of a late swing back to the Tories - apparently only hours before polling began - and a false air of optimism they allowed to build among campaign workers.

With opinion polls last weekend putting their support as high as 21 per cent, strategists had talked of winning up to eight extra seats.

When the last results arrived yesterday, that uplift had evaporated. They have 20 seats in the new parliament, two fewer than before. The Liberal Democrats won 18 per cent of the vote, down five percentage points on 1987.

The sense of disappointment, exacerbated by exhaustion, was palpable when Mr Ashdown addressed party workers in London before heading for his Yeovil constituency.

"Our vote would have been very substantially higher had it not been for the fear, the concern, that people had for the prospect of a Labour government," Mr Ashdown said.

He also attacked Britain's "first past the post" system, claiming that the Liberal Democrats would hold more than 100 seats under proportional representation and predicted that Labour would have to back electoral reform before the next election.

Mr Ashdown was initially dismissive of forming an "anti-Tory" coalition with Labour but appeared not to rule it out completely.

"It is time for the parties to reflect. I don't think you should go any further than that," he said.

Mr Ashdown's private ambition had been to build the Liberal Democrat party so that it could challenge Labour's claim to be the main alternative to the Tories. To that extent, Thursday's results were helpful. A question-mark had been raised over whether Labour could ever be re-elected, Mr Ashdown said yesterday. But the swing from Liberal Democrat to Labour on Thursday night may dash his hopes.

The Liberal Democrats had a right to feel robbed - at least by the polling organisations. Their energetic, low-budget campaign, engineered by Mr Des Wilson, the former director of Shell, the charity for the homeless, was regarded as better than both the Labour and Tory campaigns. Mr Ashdown's frantic dashes across the country to boost his leadership ratings, he boasted his leadership ratings, he boasted his leadership ratings, he boasted his leadership ratings.

The Liberal Democrat pledge to increase education spending by putting a penny on income

tax was backed by 78 per cent of voters, according to an NOP poll.

However, the Liberal Democrats were perhaps more vulnerable than Labour to voters telling one story to pollsters and then, in the privacy of the polling booth, voting for the benefit of their pockets.

The Liberal Democrats also lost seats by failing to protect their rear flank. While good targeting won seats like Devon North, Cornwall North, Cheltenham and Bath, they lost their celebrated by-election wins of the last parliament - Eastbourne, Ribbles Valley and Kincardine and Deeside.

Ceredigion and Pembroke North and Southport, lost by the Liberal Democrat incumbents, did not even feature on lists of vulnerable seats.

Nor was there evidence of widespread tactical voting in the swathe of seats in southern England where the former Alliance parties were the main challengers in 1987.

Yet Mr Ashdown was able

**A question-mark has been raised over whether Labour could ever be re-elected**

yesterday to argue that the party had established useful foundations on which to build. Two years ago, as Mr Wilson began to plan the party's election strategy, support for the Liberal Democrats stood at single figures in opinion polls. In the 1989 European elections the party trailed behind the Greens.

Amid the continuing anger and confusion over the merger of the former Alliance parties, the Liberal Democrats were in danger of political extinction. Only recently have party officials admitted how close the party came to bankruptcy. It has finished the 1992 election with a relatively healthy balance sheet.

Against that backdrop, 20 seats is a solid performance, a reminder that Labour and the Tories that Britain has not reverted to two-party politics. It looks poorer largely because of the deliberate expectation-building by Liberal Democrat strategists, in the last few days of the campaign, in the hope of starting a bandwagon effect.

Where does the campaign leave Mr Ashdown? Unlike Mr Kinnock there is no question-mark over his future. He enjoyed the campaign and would probably like to lead his party into another election. "It has been tremendous fun," he told party workers yesterday.

Ralph Atkins

## Pollsters face questions over their methods

By David Owen and Gareth Smyth

THE POLLSTERS woke up yesterday morning with some explaining to do.

After a campaign in which Labour had consistently led in poll averages, it was the worst result for the chroniclers of the nation's views and intentions since at least 1970.

"I think it has put market research back a long way," said Mr Julian Bond, new-product development director at Research International, which has a policy of not doing political polling. "Political pollsters don't get enough opportunities to analyse their data against actual results."

Mr Robert Worcester of Mori said on BBC radio: "We have to go back to the drawing board."

After an inquest yesterday afternoon, the readiest explanation was that the polls provided a reasonably accurate snapshot during the campaign but a late swing, hinted at by Wednesday's surveys and the Harris/ITN exit poll, had carried things the Conservatives' way.

"All the signs are there was a late switch," said Mr Brian Gosschalk of Mori, noting that the company would get more details from a recall survey of respondents who had been interviewed throughout the campaign.

Newspaper deadlines precluded Mori from interviewing on the evening before polling day, as it had done in the three previous elections which it predicted much more accurately.

Mr Nick Sparrow, managing direc-

tor of ICM, speculated that the Tories owed their victory to "a relatively small number of people walking into polling booths who voted Tory without a great deal of enthusiasm."

One explanation put forward by pollsters was that people were unwilling to say they were voting for financial motives, but would consult their wallets rather than their consciences in the privacy of the polling booth.

From the beginning of the campaign Tory strategists set out to exploit what psephologists call "pocket-book voting". They succeeded. The simplest explanation for the result is that voters felt they would be better off under the Conservatives.

Thursday's NOP/BBC exit poll found nearly two-thirds of voters

feared that a Labour government would increase the basic rate of income tax. The Tories were 16 points ahead on the economy as a whole.

The Harris/ITN exit poll found that 49 per cent of voters believed they would be worse off under Labour's "taxation and benefit policies". Just under half (48 per cent) of the crucial C2s, the skilled manual workers, believed they would be worse off.

Undermining Labour's credibility was crucial for the Conservative strategy. Voters seemed ready for the message: Harris polling in January had found 46 of Liberal Democrat voters and 50 per cent of women believed Labour had "changed just to win the election". During the election ministers seized on every opportunity to

pounce when Labour spokesmen hinted at additional spending commitments. It paid off in the end.

The key slogan of the campaign was simple, but telling: "You can't trust Labour."

After their sub-standard performance, pollsters must be hoping there is no knock-on effect for the commercial market-research business that is meat and drink to most of them.

Were clients to conclude that their findings on consumer attitudes to soap powders were no more accurate than recent poll forecasts, the consequences might be serious indeed. The Market Research Society said yesterday that it would hold an inquiry into the performance of opinion polls during the election.

## Defeat dawns on opposition that has lost its rosy glow

AS THE Champagne corks popped around Conservative Central Office's neo-Georgian building in Smith Square, dawn rose to beer cans and tears at Labour's down-at-heel headquarters in Walworth Road.

There, on the steps, Mr Neil Kinnock - dog-tired after the three-hour drive from his constituency - made his closing remarks of the campaign.

"It is essential that the Labour party retain the vitality and the unity which it demonstrated in recent years and manifested so well during this general election campaign," he said.

"We are and we will remain the only party capable of offering an alternative government... We will continue therefore to appeal to the breadth of the nation; to appeal to its best qualities of generosity and creativity and to its desire to build economic success and to build fair opportunities."

Such noble sentiments could not disguise the bitterness he felt nor his continuing bemusement that that "breadth of appeal" proved insufficient to see him to Downing Street.

Before him stood the three audiences he has addressed frequently over the past three weeks. On the scruffy office terrace were Labour's backroom workers and the motley

crew of showbiz stars who had returned from the wake in a slick Millbank office block to share in the cruel denouement.

In front of him were the massed media, corralled for the last intrusive camera shot. And behind them, cut off by a line of police, were the human flotsam and jetsam of South-west - the ragged underclass - whose plight his campaign had, at least in part, sought both to raise and address.

**'Hampstead and Highgate voted for us, Basildon voted against'**

Yet it was key players of the election who were conspicuous by their absence: the skilled workers and junior managers of southern England whose votes deserted once again across the river to the more bourgeois comforts of Westminster.

It was the failure of these voters to turn out, not the fate of Neil Kinnock, that is the overriding issue that Labour's strategists must now confront. "Hampstead and Highgate voted for us, Basildon

voted against," one party insider said.

Many party supporters laid much of the blame on the tabloid press. Baroness Blackstone, warden of Birkbeck College, London, observed that in the last few days of the campaign, canvassers on the doorsteps had found voters earning only 29,000 a year who were convinced they would be hit by a John Smith budget.

She said: "Whatever anyone says about the press being ignored, it has the effect of a drip on a stone." That too is only part of the story. Wearing his more contemplative hat as a founder of the Institute of Public Policy Research, the left-leaning think tank, the Labour peeress also acknowledged that the Hampstead-Basildon conundrum was a key factor.

Labour had once again captured the guilty middle-class but it had still signally failed to make substantial inroads into the C2s and the lower ranks of middle-management.

How to address this perennial question is now at the heart of Labour's post-mortem.

In the medium term, without a root and branch rethink, the party's fate can only get worse. Fighting in the worst recession since the war on the most mild-mannered economic programme ever concocted (pace higher-rate taxpayers), Labour

still lost. It now must face a constituency boundary reform that will almost certainly cost it another 20 odd seats.

Already yesterday simmering anger in Scotland suggested that a schism north of the border may not be far off. Although the Scottish nationalists did poorly on Thursday, they might reap their revenge on Labour in the local government elections next month, provoking an implosion in the Scottish Labour party.

Arguing for an all-party anti-Tory alliance in Scotland firebrands such as Mr George Galloway, returned for Labour in Glasgow Hillhead, were yesterday talking seriously of non-violent civil disobedience campaigns.

What then are the forces behind a full-blown realignment of the left nationwide - a Lib-Lab anti-Tory coalition that will concentrate Britain's political dogfight into something closer to Democrats versus Republicans?

Although this - called only half-jokingly the Popular Front of the Mind - has long been the dream of many progressive intellectuals, support among Labour's blue-collar rank and file has always been thin.

It may now grow, but only gradually. There are also obvious Catch 22 factors that lie behind the idealistic chat. If Mr Paddy Ashdown's

price for a deal is a firm commitment to proportional representation, Labour, though drifting that way under its own steam, might easily split.

Professor Ben Pimlott, also of Birkbeck College and a founder of the radical Samizdat magazine, pointed out yesterday that Lib-Lab pacts always favour the Liberals. If Mr Ashdown's voters do not feel like obeying a truce, many of them will simply peel off to the Conservatives.

**There were none who dared argue that the blame lies with the leader**

tives, he says, Labour coalitionists have no alternative port of call. "A Lib-Lab pact sounds nice and sensible, but it doesn't look like happening," he concluded.

Yet a number of Labour leaders - some from unexpected roots - are now being forced to contemplate a deal.

Mr David Blunkett, the party's local government spokesman, can hardly be described as a yuppie but yesterday even he was spelling out

stark choices. He said: "There are only two ways we can get rid of the Tories: by winning a straight majority or by a pact with the Liberals that apportions seats between us."

With the gritty views of a one-time Labour leader of Sheffield, Mr Blunkett is one of many who believe that the campaign, like 1987, was too public image and opinion led. He thinks it was Mr Major's direct approach on such issues as proportional representation and Scotland in the last few days that swung the voters behind him.

He said: "Politicians should run campaigns on the lessons they learn from their surgeries. If you hand it over to professional communicators you lose something." He added: "Style can never replace straight talking and high principles."

That said there were none yesterday who dared argue that the blame lies with the leader. Most Labour strategists believe that even had the confidence-inspiring Mr John Smith headed the team, the scale of the party's defeat suggests he could not have crossed the tape in front of the Conservatives.

Yet by early afternoon it was already clear that - genuine sympathy for Mr Kinnock aside - the telephone lines of the key players in a future leadership contest were already buzzing. Few doubt that one will take place, ending as the

Blackpool conference in October. For the unions, Mr Smith, the sober-suited shadow chancellor, will prove the obvious safety-first choice. But if he runs there are others who must decide whether they can make their pitch, if only to put down a marker for future contests.

Mr Gordon Brown and Mr Tony Blair, the trade and employment spokesmen, have both been repeatedly tipped as the "skip a generation" options. Mr Robin Cook, the PR supporter and shadow health spokesman, has been named as a figure who could bridge the gap between the left and the constitutional reforming right.

Mr Bryan Gould, the environment spokesman, could be a dark horse while Mr John Prescott, the blundery spoken leftwinger at transport, could bid for the blue-collar vote.

Each must recommit themselves to the fact that this contest will not decide the race, a credible agenda must be laid before a party still incredulous at its defeat.

What is more the winner has to devise an answer to the conundrum that Labour has still not resolved: how a reformist party can successfully win a mandate from a country that has proved itself, once again, ever more cautiously conservative.

Ivo Dawanay







## NEWS: UK

## ELECTION 1992

## Business leaders welcome decisive result

By Our Industrial Staff.

THE anxiety at the prospect of a Labour administration, which reached such a pitch last week that even the some of the Tories' most senior industrial supporters were resigned to defeat, faded yesterday.

It was mixed with relief that the uncertainty which would have accompanied a hung parliament had been avoided. In addition, there was a sense of excited surprise that the Tory win was so convincing.

Sir John Banham, director-general of the Confederation of British Industry, said: "Of all the possible outcomes this was the best possible result for British business."

Sir Denys Henderson, chairman of Imperial Chemical Industries, said: "We welcome the fact there has been a clear result which helps to remove uncertainty and allows business to plan more constructively in what is still a very difficult world environment."

There is a widespread belief in business that the political uncertainty of the past few months over the timing and outcome of the election had held back recovery. So will the Tories' decisive win clear the

path out of recession or is it so deep rooted that Britain will remain in depression?

Relief that Labour had not won was based on more than executives' panic about their personal tax bills. In sectors such as cars, retailing and construction companies feared a mixture of higher taxes for the better paid and higher interest rates would have scuppered recovery.

"With the recent reduction from 10 to 5 per cent in special car tax, followed now by the removal of political uncertainty, the motor industry looks forward to a major improvement in new vehicle sales," said the Society of Motor Manufacturers and Traders.

The impact on investment is likely to be mixed. About a third of companies in the FT-Mori poll of executives conducted during the election said they would invest less under Labour. But most large companies, such as GKN, the motor components group, say their investment plans are so long term a change of government would not have affected them.

The most immediate benefits should come through a restoration of consumer and business confidence, especially if the



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was holding to its earlier forecast of a 4 per cent to 7 per cent increase in sales for this year

Tory victory leads to an interest rate cut. But executives were cautious about how much of an effect this would have.

Mr Martin Taylor, chief executive of Courtaulds Textiles said: "There is an awful lot of

middle class money that has been hoarded in the run up to the election. There could be a consumer boomlet, which may ignite a recovery."

The building industry let out a collective sigh of relief.

"We were looking for a clear result rather than anything else. We are going to go on pressing for an increase in spending by local authorities from council asset sales receipts. With a clear result

and a Conservative win we would hope that people who'd been holding back on projects would now come forward," said the Building Employers' Confederation.

Volume carmakers were also

cautiously hopeful. Mr Ian McAllister, chairman of Ford GB, the UK new carmaker leader, said the company was holding by its earlier forecast of a 4 per cent to 7 per cent increase in new car sales this year to 1.65m-1.7m.

Yet with much of the rest of Europe facing recession and slower growth in the Far East, recovery will take more than a Tory win. Business has been so worried by the threat of Labour's tax plans that it had ignored the risk that fiscal pressures may force the Tories to consider raising taxes. In spite of the win, industry will be looking to Mr Major to change the style of government's approach to business, by offering more direct support, particularly for exports.

Mr Alan Sugar, the chairman of Amstrad, the computer group, summed up the business mood: "It is a great victory for good old-fashioned common sense. But the new government should listen a bit more to what business has to say and the recovery will depend on much more than a national sigh of relief. Lower interest rates, low inflation and the encouragement of enterprise through low taxation are all crucial."

## EC hopes for a more positive Major

By Robert Mauthner, Diplomatic Editor

THE new British government will be faced with a series of important foreign policy decisions, some of which have been delayed pending the outcome of the general election.

Britain's European Community partners hope that the Conservatives' victory will allow Mr John Major, the prime minister, to adopt a more positive attitude towards European economic and monetary union than he displayed at December's negotiations on the Maastricht Treaty. They do not, however, expect him to alter his refusal to sign the treaty's social provisions.

EC governments expressed relief that the election produced a government with a clear majority which would provide the Community with a steady hand on the helm when the UK takes the EC presidency for a six-month period on July 1.

This is considered particularly important given the agenda which the EC has to deal with during the latter half of this year. Not only are the member countries striving to get the Maastricht Treaty ratified by the end of the year, but member states must also complete their single market by January 1 1993 and agree five-year budgetary provisions. In addition they must take decisions on the enlargement of the Community.

The foreign secretary is widely expected to be Mr Douglas Hurd again. Among other urgent difficulties he or his successor will face are the British contribution to the United Nations peace-keeping force in Yugoslavia, measures to reverse Iraq's decision to deploy anti-aircraft missiles in the protected area of northern Iraq, and UN sanctions against Libya if Tripoli refuses to extradite two of its nationals alleged to be responsible for the 1988 Lockerbie bombing.

## Consumers expected to give fillip to high street spending

THE election result sent a wave of qualified elation through Britain's high streets yesterday as retailers, building societies, travel agents and other consumer businesses forecast that it would add impetus to a recent tentative revival in spending.

However, views differed sharply over the likely speed and strength of a recovery. It was not always clear how far attitudes were influenced by relief that a long period of political uncertainty had ended, and how far they reflected positive confidence in the economic outlook under a new Conservative administration.

Many businessmen expected an immediate burst of consumer spending - particularly

in the south-east of the country - and a few said it had already started. Texas Home-care said takings at its chain of DIY stores shot up yesterday to double the level of recent Fridays.

But many companies also doubted whether a recovery could be sustained without additional measures to stimulate the economy - above all, a cut in interest rates.

One of the most optimistic prognoses came from Mr Geoffrey Miller, managing director of Barclays Banking Divisions, who said: "We are pretty confident that a consumer-led recovery will now get underway and the housing market will be the first sector that benefits."

Mr Stanley Kalms, chairman

of Dixons, the electrical and electronics retailer, said: "I am quite sure the result is going to give a very important fillip to the high street. At last consumers know what the name of the game is and can make spending assessments."

Mr Kalms, who threatened before the election to freeze planned investments worth as much as £50m if Labour won, said the programme would now go ahead and would be pitched "at the upper end of the range".

In the travel industry, which had viewed a hung parliament as the biggest threat to business, the mood was also jubilant. "The election is brilliant news. A decisive result was fundamentally important," said Mr Roger Allard, managing

director of Owners Abroad, the second-largest UK travel company.

There were forecasts of a pick-up in advertising. "Much to do with advertising and marketing budgets depends on a 'feel-good' factor. One result of the election is that people in charge of advertising and marketing budgets are bound to have much greater confidence," said Mr Mike Walsh, chairman of Ogilvy & Mather in London.

However, other businesses dependent on consumer spending were more cautious.

Kingfisher, which owns the Woolworth, Comet, B&Q and Superdrug chains, agreed that the election had removed a cloud over confidence but added that: "Recoveries are

not created by elections." Laura Ashley, the fashion and furnishings group, also struck a cautious note. "There will be a lot of euphoria around in the next two weeks, but I think it will be misplaced. Recovery will come, but it won't be very rapid," said Mr David Oliver, corporate affairs director.

Mr Michael Jackman, chairman of Allied-Lyons, the drinks, food and retailing group, was even more downbeat: "We were not looking for fireworks from UK consumer spending before the election and our view hasn't changed."

The optimists claim the main obstacle to a consumer-led recovery has not been a lack of money, but of confidence. They argue that political uncertainty

and Labour's tax proposals have delayed purchases by consumers - particularly those in higher income brackets, who account for a disproportionate amount of spending. The clearer political outlook should thus unleash a wave of pent up demand.

More cautious observers do not dispute this, but point out that the election has not resolved deep-seated economic worries, notably fear of unemployment and high interest rates. They doubt that confidence will remain buoyant for long while these concerns persist.

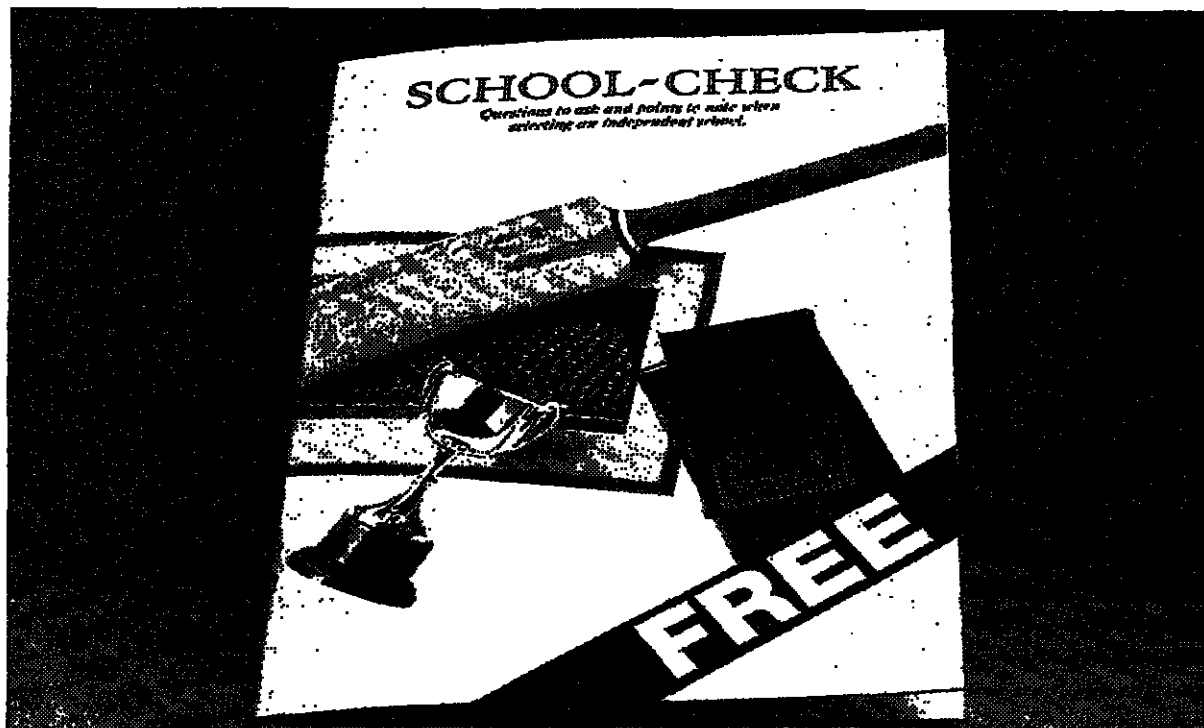
Views on interest rates differ widely. Though many banks expect a decline, Mr Michael Shaw, chief executive of Britannia Building Society,

warned yesterday that it could be slowed by increased competition for savings.

Lower mortgage rates could take several months to work through to the housing market. "I think the market will pick up slowly, but buying a house will never be as easy or cheap again as it is now," said Mr John Bayliss, managing director of Abbey National.

In the words of Mr Tim Park, a corporate finance director of Williams Holdings, which owns conservatory maker Amdega and kitchen supplier Smallbone: "It is early days. The economic situation has not changed in the last 24 hours."

By Guy de Jonquieres, David Barchard, Philip Hollinger, Gary Mead, Philip Ransome and Michael Skempster.



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# COAL UK

THE MONTHLY NEWSLETTER FROM THE FINANCIAL TIMES

## UK Coal - what kind of future now?

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## ELECTION 1992

■ Billions pour into government bonds ■ Unprecedented move as Bank of England trades at 2.30am ■ Demand stays high throughout the night

# 'Most business on any day since Big Bang'

By Richard Waters

BILLIONS of pounds poured into UK government bonds yesterday as investors in the UK and around the world reacted with relief to news that the Conservative government had been returned with a clear majority.

The Bank of England sold £2bn-£3bn of gilts, taking a large bite out of what had previously seemed a dauntingly large projected borrowing requirement of £28bn for the current financial year.

Even the Bank's massive sales did not dent prices, leaving room for UK companies to issue bonds to

take advantage of falling long-term interest rates.

Investors began to buy gilts heavily from 1.30am yesterday as the first projections of an outright Conservative victory began to appear, gilts traders said. Demand remained constant during the night and throughout yesterday.

"It's probably the most business the market has seen on any day since Big Bang," said Mr Andy Tweed, head of gilts at Barclays de Zoete Wedd, one of the biggest gilts firms. "It's been huge."

As investors began to buy the Bank sold unofficially at first, but then, at the unprecedented time of

2.30am, through an official sale of £800m of gilts. It repeated the exercise with a further £300m at 7.30am as demand continued.

Further unofficial sales, which are not disclosed, were put by gilt market-makers at anything between £1.5bn-£2.5bn.

BZW estimated that the Bank had sold more than £4bn of gilts in all, while Mr John Sheppard, economist at Warburg Securities, another big market-maker, estimated that total sales had topped £5bn.

UK institutional investors, which had sat on cash rather than put money into the gilts market ahead of the election, probably bought

more than £1.5bn of gilts, said Mr David Shaw, head of fixed income investment at Legal & General, the large UK insurer.

Driving the enthusiasm was a belief that the danger of a devaluation of sterling – or a need to put up interest rates to defend the pound – had passed with the fall in the Labour party to win at the ballot box.

Investors expressed confidence that longer-term UK interest rates will once again move downwards towards those of Germany, as the UK's chances improve of hitting the conditions for European economic and monetary union that were laid

down at Maastricht last year.

The difference between 10-year German and UK bond yields fell yesterday to around 1.5 per cent, having touched 2 per cent only a week ago.

BAA and Cable & Wireless were the only UK borrowers to move quickly to take advantage of the fall in longer-term interest rates in the sterling bond market.

BAA borrowed £150m at a yield of 10.5 per cent – a full 1.35 per cent lower than when it last borrowed long-term money just over a year ago.

Cable & Wireless issued £50m of 10-year bonds. The cost: an all-in

yield of around 10.37 per cent, compared with the 10.5 per cent Cable & Wireless paid for an identical issue of £150m of bonds at the beginning of March (before yields on sterling bonds soared ahead of the election).

The prospect of falling inflation, declining short-term interest rates and a move by sterling into the narrow band of the Exchange Rate Mechanism all point towards greater demand by investors for sterling bonds, treasurers said.

However, the lack of demand for cash could keep companies away from the markets in the short term. "If there is no economic upturn, then why will companies want to

invest?" said Mr Arthur Burgess, treasurer of British Gas. "The demand I will have for cash will come through for next winter. I'm perfectly relaxed about sitting on my hands for the next six months."

● The Bank announced it would sell a further £2bn of gilts on April 28, marking the first extra-long dated issue of bonds since government finances moved back into deficit. The bonds will have a life of between 23 years and 28 years, the Bank said, compared with usual issues of up to 20 years.

The longer-dated bonds would appeal particularly to life assurance companies or pension funds.

## Finance bill set to head agenda

By Alison Smith

THE OUTLINES of the new finance bill, which could be introduced early next month, within a few days of the state opening of parliament, are clearer than the names of the ministers who will take it through parliament.

No decisions will yet have been taken, but the bill might include one of the first manifesto pledges to be implemented. The Tory manifesto specifically says that "as early as possible in the new parliament" the party would introduce a "rent-a-room" scheme enabling home-owners to get tax relief on rooms they let to lodgers.

Fresh Budget resolutions could be brought forward for debate immediately after the Queen's Speech debate, which lasts a week and begins on May 6.

The second reading debate on the finance bill could then take place in late May, with it receiving detailed consideration through June and into July on a timetable not very different from usual.

The bill is expected to be substantial, though not necessarily particularly controversial, comprising perhaps 70 clauses and several schedules.

Many of these would be fairly technical measures on the European single market which have been discussed by the Customs and Excise department with interested groups, but some important aspects of the Budget have still not been introduced.

The most notable of these are the changes on inheritance tax, to raise the general threshold to £150,000 and to exempt most family businesses. The further alleviation of inheritance tax is thought in Whitehall to be for future years rather than in changes to the existing Budget proposals.

Other Budget plans which will feature in the bill include the additional help for the film industry, the extension of Gift Aid, and the abolition of the Business Expansion Scheme.

Also on the stocks is a short, perhaps 10- or 12-clause bill, to bring about the promised relief for businesses hit by the transitional arrangements for the uniform business rates.

Changes in personal equity plans allowing £5,000 to be invested in unit and investment trusts over a tax year, have already been made, though not by a bill but by alterations in the FEP rules.

## Chairmen urge private sector to aid recovery

By Robert Peston and Roland Rudd

CHAIRMEN of City firms and big companies welcomed the Conservative election victory and urged the private sector to do its part to put the country back on the road to economic recovery.

"Business must rise to the occasion," said Sir John Cuckney, chairman of 3i, provider of long term finance to small companies, and also chairman of Royal Insurance. "We must bring forward our investment plans and take more risks."

Mr Nigel Rudd, chairman of Williams Holdings, the industrial conglomerate, said: "I think people will go out and spend money now the Conservatives have been re-elected. Our middle managers are very relieved."

For City firms, the outlook was "better", according to Mr Peter Meinertzhagen, chairman of stockbroker Hoare Govett. "But the market is still highly competitive", he added.

Merchant bankers expected the takeover market to revive. "Companies will be dusting off acquisition plans they shelved in the past few months", said one.

Mr Brian Pearce, chief executive of Midland Bank, said businessmen's confidence would improve and that would accelerate recovery. "A clear cut result is excellent", he said. Mr Pearce hoped the outcome would give "a big boost to the housing market".

Mr Robin Biggam, chairman and chief executive of RICC, the construction, engineering and cables group, said: "The result is just bound to be good for business. Everyone will feel that much more confident, sterling has recovered and I now hope we will have the interest rate cut that the

country so badly needs."

The need for a cut was also stressed by Mr Chris Haskins, who as chairman of Northern Foods was one of the few top businessmen to express any support for Labour's policies during the campaign. "On economic policies, there was not a lot of difference between the parties", he said.

He said his company might have accelerated its investment plans had Labour won, to take account of Labour's promise of increased tax allowances on capital spending.

However Mr Martin Taylor, vice chairman of the Anglo-American conglomerate Hanson, said: "The economic stability of a Conservative government will mean the investment from the Japanese and Americans will persist when it might not have had the other lot won."

The need for the Government to improve the competitive position of the UK economy was stressed by Sir Nicholas Goodison, chairman of the banking group TSB and also president of the British Bankers Association.

"The government should concentrate on steering the UK into economic and monetary union with other European Community countries", he said. "It should make sure we meet the convergence criteria [a series of economic tests] for EMU."

Sir Nicholas, who also called on the government to keep public expenditure under control, said there were already signs of economic recovery.

Prominent Conservative supporters said they never had any doubt about the outcome. Sir Tim Bell, head of the financial public relations firm Lowe Bell and a longstanding adviser to the Conservatives, said: "I forecast this result."



No left turn: City professionals toast a further five years of Conservative government

## City poised for more bids and deals activity

By Jane Fuller and Maggie Urry

THE REMOVAL of political uncertainty for the next few years gave many companies yesterday cause for relief and the opportunity to say that corporate planning would be that much easier.

However, this is not to say that corporate financiers expect a sudden opening of the bids and deals floodgates, as one explained, partly because "no one expects the Tories to win". But they do believe that political certainty will make their clients more willing to contemplate making acquisitions.

Among potential predators, there is some relief that the threat of Labour-imposed takeover restrictions has been lifted. Mr Ian Duncan, finance director of Tomkins, the industrial conglomerate, said the group had been looking to make a UK acquisition for some time, but it had become "a bit passive" prior to the election. Had Labour won, it might have seen better prospects for growth overseas.

Both Tomkins and Williams Holdings, another conglomerate with the financial strength to acquire, have complained about the difficulty of finding "sensitively priced" targets in the UK. Ironically, a Labour victory or a hung parliament might have helped on that issue by cutting share prices.

But the main response is expected to be towards more action. Mr Gavin Simmonds, a corporate finance director at Kleinwort Benson, the merchant bank, said the election result, "will have a profound effect on the mergers and acquisitions market", bringing a return of the longer-term players.

Whatever happens to the

price of potential targets, a rising stock market would give acquisitive companies more firepower to make bids with their own shares.

Similarly, if the market remains strong it could trigger rights issues.

Mr Brian McGowan, chief executive of Williams, commented: "Companies will see the opportunities to repair balance sheets and raise money for other activities."

Other companies pointed out that some negative factors remain. Mr Roger Wood, finance director at Wimpey, the housebuilder, said: "There is still the uncertainty of unemployment and of housing affordability, which both hold down house prices." He did, however, believe that the result would bring forward a recovery in house prices.

At English China Clays, Mr Andrew Teare, chief executive, said the sale of the group's housing landbank would be facilitated by the result.

Companies rather more dependent on the UK economy, for instance in the construction industry, may not find the market immediately receptive to rights issues, even after the election-inspired gains. Mr Wood, while stressing that Wimpey had no plans for a cash call, said: "Once the initial euphoria dies away, too little will remain for construction companies to raise large amounts of cash. We need some demonstrable signs that we are coming out of recession."

A revival of the new-issue market, later in the year, is forecast by another banker. He suggests that management buy-outs completed before the recession could now be looking to float. MFI, the kitchen and bedroom retailer, is one likely candidate.

## Continental investors see little change as euphoria fades

By Norma Cohen, Investments Correspondent

THE general election result clearly struck an ideological chord with institutional investors across Europe yesterday, with Continental shareholders expressing shock – and pleasure – that professional pollsters should have got it so wrong.

But as the euphoria faded, investors conceded that very little had changed and the UK equities markets were little better a bet than

than they were before the election was called.

Still, the upset seemed to provide more encouragement to those who watched the election from across the English Channel. "We were shocked to see such a divergence between the polls and the results," said Mr Claude Guillaume of Paribas Asset Management in Paris.

But in the long run, Mr Guillaume and his counterparts across Europe are prepared only for a modest increase in their exposure to the UK

equities markets. "We think there will be a recovery, but a very modest one," Mr Guillaume said.

The clear Tory majority rules out the increase in interest rates Labour might have had to accept to defend the pound. But beyond that, the picture has changed little. "There can be no real recovery until German interest rates come down," he said, echoing investors across Europe.

Several Continental investors said expectations of a Labour win – or at least, a hung parliament – had convinced them to underweight UK equities in their portfolios before the elections. The main international equity indices are suggesting 38 to 40 per cent UK weightings, but Continental accounts had been a few percentage points below that.

Ms Edith Thoun, fund manager at Banque Julius Baer in Zurich, said she was now likely to increase slightly her weighting in UK equities above the 40 per cent they now represent in her portfolio.

In addition to removing the fear of

a rise in interest rates, Ms Thoun said she expected the Tories' return to stimulate confidence up to the point that spending would be likely to pick up again.

Closer to home, however, the Tory win has brought no new surge of enthusiasm for UK equities. "We have felt that the economy would pick up in the next 12 months regardless of how the elections went," said Mr Dick Barfield, chief investment officer at Standard Life.

He said his pension funds carried an

above-average 64 per cent weighting in UK equities before the election and he had no plans to adjust that.

That view was echoed by Mr Hugh Jenkins, chief investment officer at Prudential Asset Management, the UK's largest life insurance company.

"Our immediate view was that whomever won would be restrained by the ERM," he said, explaining that until German interest rates are cut, British and other Continental rates will remain high and restrict growth.

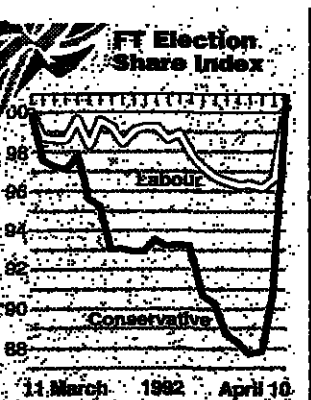
## Trend is reversed in sharp share surge

THE politically sensitive shares in the FT Election Share Index reversed the trend of the campaign yesterday. Shares that might benefit from the Conservative victory leapt by more than 10 points, three times as far as those which might have benefited had Labour won.

"Conservative gainers" rose twice as fast as the FT-SE index, to finish 1 point higher than the 10 index which they closed on the day the election was called, March 11.

"Labour gainers", which had outperformed their Conservative rivals throughout most of the campaign, finished a hair's-breadth behind.

Among the Conservative portion of the index, Thames Water (up 21 per cent), Forte (up 14 per cent) and S.G.



Warburg (up 13½ per cent) did best yesterday. All three might have suffered from policies in Labour's manifesto. On a day when almost the whole market rose, the only member of the election index to lose ground was Zetters, the pools company, which dropped by just under 1 per cent.

The Conservative manifesto promises a national lottery, which might harm the pools promoter.

## Allies welcome a clear victory for continuity

SIR LEON Brittan, the Tory politician and the UK's senior EC commissioner, yesterday welcomed his party's election victory as providing useful stability and continuity in preparing Britain to take over the presidency of the EC Council of Ministers on July 1.

The election result boosts Sir Leon's chances of staying on in the Commission for the next two years and perhaps switching from competition to EC external affairs – a portfolio he is known to covet.

As long as the UK, as a larger EC member, fields two commissioners, the convention is that the junior one is nominated by the government from the main opposition party.

Mr Bruce Millan, a former Labour secretary of state for Scotland who is the EC regional commissioner, still has a good chance of being renominated, unless Labour wants someone else.

Mr John Major's government would probably accept another

Labour nominee, unless it was highly controversial, like a choice to put Mr Neil Kinnock, the Labour leader, out to pasture in Brussels.

In the name of the Commission, Mr Jacques Delors, its president, sent Mr Major a message congratulating him and looking forward "to continuing our fruitful and close co-operation". If, as is highly probable, he continues to head the Commission in 1993-94, Mr Delors faces operating separate constitutional arrangements on social policy negotiated at Maastricht.

But Mr Major's victory is valued in Brussels for providing in one corner of the EC a political stability that recent German, French and Italian elections have shown to be an increasingly rare commodity.

This was pointed up yesterday, when the Commission spokesman was asked if the EC executive had also sent congratulations after last week's Italian election. "Yes, we will send a message to the Italian government," he said, "when there is one."

PRESIDENT George Bush has enthusiastically applauded the Conservative party's victory in the UK general election.

"It was substantial, it was wonderful," he said yesterday morning, promising to discuss the result more fully at a news conference later in the day.

Mr Bush, who has elevated male bonding to the status of a foreign policy tool, tried to avoid taking sides during the British election campaign, but still made it clear he would rather carry on working with Mr Major than have to develop a new relationship with Mr Kinnock.

"I expect the worst thing an American president could do would be to try to intervene in an election in another country. I think it would be inappropriate if I got into picking winners and losers in a British election or French election or German election," Mr Bush said last month.

"Having said all that, the respect I have for the prime minister knows no bounds. John Major is a superb leader, and I work very, very closely with him."

Mr Major's battle to win re-election has been viewed in the US as something of a preview to Mr Bush's own re-election campaign this autumn.

"Like George Bush, he is a 'kinder, gentler' sequel to a highly ideological predecessor," commented Mr Joe White, of the Brookings Institution think-tank, in the Washington Post.

"Each inherited a debt-burdened economy that was about to collapse, angering the electorate."

"Each is heir to a movement that has remade industrial nations' economic policies in the 1980s."

However, Mr Bush has the advantage that by November when the US election will take place, his domestic economy is expected to be in much stronger shape. Mr Major cemented his relationship with Mr Bush with an exchange of gifts.

where in a personal message to Mr Major from Mr Helmut Kohl, the German Chancellor, Mr Kohl said: "The British people have entrusted you with leadership for five more years at a time of many international uncertainties and in the face of world economic challenges."

According to Mr Carl Bildt, the Swedish prime minister, Labour's defeat confirmed the picture of a "deepening crisis for the social democrats and socialists in western Europe".

The theme was echoed in France where the socialists have suffered electoral reverses in recent weeks.

There was no immediate comment from the government, but Le Monde, the respected daily newspaper, said in its editorial that Mr Major's victory "sounded the death knell of hopes for all those, not only on the Left, who believed that Britain was

ready for a change". The Spanish newspapers were so convinced of a Labour victory that many of them claimed Mr Kinnock had won in their first edition stories. But Mr Felipe Gonzalez, Spain's socialist prime minister, chose temporarily to suspend his ideological affinities with the British Labour party for the sake of improved bilateral relations between his country and the UK on issues such as the future of Europe.

In Japan, which has experienced the kind of unchanging party power structure which is now taking hold in the UK, there was no official reaction to the UK election result.

In Hong Kong, by contrast, Mr Major's victory refuelled pressure for political change, with politicians calling on the UK to announce without delay the next governor for the crucial run-up to the 1997 hand-over to China.

Reporting by David Buchanan in Brussels, George Graham in Washington and Jimmy Burns in London



## ELECTION 1992

The Tories played on fears of higher taxes to hang on in the south, writes David Marsh

# Waverers frightened back into the fold

NEAR... and yet so very, very far. In a range of crucial southern constituencies which Labour had to win to take office, the Tories held on with reduced majorities, leaving the shire counties almost as strongly battened in ultramarine as they had been in 1987.

Fear of the effect of a Labour government on mortgage payments and taxes, skilfully and brutally played upon by the Conservatives in the final days of campaigning, steered waverers firmly into the Tory camp.

Mr Alan Whitehead, the Labour leader of Southampton city council, who achieved a 5.6 per cent swing but failed by 385 votes to unseat the Tory

incumbent in the city's Test constituency, concluded gloomily yesterday: "Neil Kinnock succeeded in making Labour electable, but not elected."

As a consolation prize, Labour gained Southampton Itchen with a 6.6 per cent swing over the Conservatives. Mr Whitehead said the Tories succeeded in "scaring voters into the polling booths" with a cascade of leaflets warning the electorate of financial disadvantages under Labour. "People's hands hovered over Labour, but they decided to hang on to nurse for fear of finding something worse," he said.

The Tories lost Thurrock in Essex to a 1.8 per cent swing to Labour, but hung on to Basildon, Swindon, Slough and Dover, and successfully defended Portsmouth South against a well-organised Liberal Democrat drive.

Apart from unseating Mr Chris Patten in Bath, the Liberal Democrats' only southern scalp was Cheltenham, taken with a 1.668 majority. Antagonism by Tory traditionalists to the black Conservative candidate, Mr John Taylor, was undoubtedly an important factor behind the 5.2 per cent swing to the Liberal Democrats in the spa town. Liberal Democrat organisers yesterday

angrily accused the Tories of organising a last-minute smear campaign against Mr Nigel Jones, the new MP.

Mr Don Foster, the Liberal Democrat victor in Bath with a 5 per cent swing in his favour, toured the city yesterday in an open-top bus. But he said he was "terribly disappointed" by the poor Liberal Democrat showing nationwide.

Mr Patten's downfall was caused not just by poll tax protests but also by voters' desire for a return to "compassion" after the "selfishness" of the Thatcher years, Mr Foster said.

However, Mr Nick Troup, a healthfood shop proprietor who

helped organise the tactical voting campaign that swayed the Bath result, was sceptical about prospects for a change in direction. Mr Foster's win vindicated two years of planning to unseat the Tory chairman, Mr Troup said. But the prospect of five more years of Conservative government was "a nightmare", Mr Troup said he might emigrate to Bombay.

Elsewhere in the south, the Tory mood was understandably buoyant. Mr Simon Coombs, the acerbic MP for Swindon, who achieved a reduced 2,826 majority, said: "Tory voters were dissatisfied with government policies but fearful of the alternative. If

someone shoves you in the arm, you don't shoot yourself in the other arm."

Mr Coombs said that Labour's defeat showed that "Britain is now a homeowning, share-owning democracy that doesn't want its freedoms tampered with."

Labour faced a terrible dilemma, he added. "If they put forward policies which are not in the interest of these people, they do not get the votes. If they do not get the votes, they do not get the votes."

Mr John Watts, returned in the marginal seat of Slough with a slender 514 majority, said "the Kinnock factor" was

the main reason behind the Tory surge. Mr Watts had targeted the 4 per cent of the Slough electorate identified as uncertain Tory voters. Party organisers also pulled out all the stops in bringing supporters to the polls.

"No one who said they would vote for us didn't vote for us, unless they were dead," Mr Watts said. "If we can hold on to the same share of our vote in a recession as after the Falklands war and during the 1987 boom, it suggests we have a firmly entrenched chunk of support. Unless there is some realignment in the opposition there is no alternative government," he added.

## Scottish opposition shares out the blame

By Bethan Hutton and Chris Tighe

LABOUR and the Scottish National party angrily blamed each other for their loss of a seat each to the Tory party, while Mr Ian Lang, the Scottish Secretary, claimed a mandate to rule Scotland despite holding only 11 of the 72 Scottish seats.

Mr Alex Salmond, leader of the SNP, blamed its poor electoral showing on opinion polls a week before the election which convinced SNP waverers that Labour was about to win the election in the UK and could deliver its promise of a Scottish assembly.

He said Labour had conned the Scottish people and delivered them into the hands of a fourth English Tory government.

Mr Donald Dewar, shadow Scottish secretary, attacked the SNP for splitting the vote in seats including Stirling, permitting Mr Michael Forsyth's re-election.

Condemning the SNP as isolationist and "constantly unconstructive", Mr Dewar said it must compromise on its absolutist position.

Both Labour and the SNP argued that the Tories had no mandate to pursue policies Scotland had rejected. The Conservatives would face serious political troubles if they ignored calls for constitutional reform, Mr Dewar warned.

But Mr Lang insisted: "We are the legitimate voice for the people of Scotland. We are the United Kingdom government."

He did not rule out the possibility of a referendum on constitutional change. He also hinted at working more closely with other parties in Scotland.

Mr Salmond spoke of the "frustration, anger, disappointment and despair" that will be felt in Scottish society that once again Scotland is to be faced with another term of an English Tory government elected on the votes south of Birmingham.

Mr Andrew Welsh, one of the SNP MPs returned, said the election result had proved that independence was the only way for Scots to be properly represented. "The devolution option is a road to nowhere. It has failed where it always will fail, at the London Westminster road block," he said.

Mr Dewar pressed to spell out what Labour could now do to achieve devolution, said it would continue campaigning. He rejected suggestions Labour face a "doomsday scenario" in Scotland.

Yesterday, voters dissecting their preferences in the Jolly Friars pub, had conjured up clearer images of Labour's 1970s strike record than of the Tory-induced hardships of poll tax 18 months ago.

"I was surprised Labour weren't given a chance," said Paul Corey, who runs a one-man window and carpet-cleaning business, the second part of which has run into the wall this year because of the recession.

Mr Salmond said the SNP was looking at the "potential meeting of minds" with individuals from other parties who shared the eventual goal of independence, but rejected joining the pro-devolution constitutional convention.

Repeated questions about whether he would rule out civil disobedience met a stone wall from Mr Salmond.

For the Scottish Liberal Democrats, Mr Malcolm Bruce said: "Scottish Conservatives must not forget that their gains have been made as a result of a split opposition and does not represent the vote of confidence in the status quo 75 per cent of the Scottish electorate voted against this government." The case for electoral reform was now unanswerable, he said.

## Voters follow same pattern across country

By David Owen and Ian Hamilton Fazey

THE PATTERN was the same virtually throughout the country, Labour made some progress, mainly at the expense of the Liberal Democrats. But with the Conservative vote holding up unexpectedly well, it was not nearly enough.

Despite a professional and imaginative campaign, Mr Neil Kinnock's party fell short of its targets in all three of the main marginal-rich regions.

The party fared best in the Midlands, capturing all but one of its target seats in Birmingham, although the move in the west Midlands was less conclusive at around 3 per cent.

It did less well in the north-west of England and Greater London, capturing only about half the critical seats as it fell short of the 7 per cent to 8 per cent swing it required.

In Scotland, the Conservatives confounded pundits by increasing their share of the vote and picking up two seats, and ministers Mr Ian Lang and Mr Michael Forsyth survived against the odds. The Scottish National party lost one of its four MPs with the defeat of Mr Jim Sillars.

Another blip in the overall pattern was in the south-east, where Essex man spectacularly declined to turn against his 1980s benefactor, notwithstanding the severity of the regional recession.

In London, Labour's decision to concentrate on 24 marginals in the second half of the campaign was vindicated as the party secured a greater swing in these seats than across the whole capital.

But the dozen seats it won was not nearly enough. A swathe of marginals manifested a substantial but inade-

quate move to Labour of between 5 and 6 per cent. Murcham and Warden provided an early warning sign for the party, as Mr Angela Rumbold, home office minister, held on in defiance of a 5 per cent swing. It also fell just short in Edmonton, where Dr Ian Twinn held on for the Tories by some 600 votes.

In the east Midlands, Labour achieved its biggest regional swing from the Tories at nearly 5 per cent, winning in fine style in Nottingham East and Nottingham South.

In the north-west, the remarkable firmness of the Conservative vote meant Labour was even more dependent than elsewhere on squeezing Liberal Democrat support to make headway.

It did this to a significant degree, with a 4.2 per cent swing away from Mr Paddy Ashdown's party. But with turnout exceptionally high, it pulled up short in too many constituencies. Bury South, where Tory Mr David Sumberg polled just 5 fewer votes than in 1987 but had his majority trimmed to 800, was typical.

In the region, the Conservatives suffered little or no swing against them in 15 of the 20 marginal seats at stake. Labour won none, the Tories held 10. Against all expectations, there was a swing to the Conservatives in five of the marginals and no swing in another three seats. In another eight, the swing against them was less than 1 per cent.

Only Barrow and Furness showed the sort of swing from Conservative that Labour was hoping to see repeated across the regions - 2.6 per cent against the Conservatives and 1.7 per cent against the Liberal Democrats to give Labour a 4.2 per cent swing and a winning margin of 6.4 per cent.



Stationary voters: despite recession Essex man and Essex woman failed to move into the Labour camp and Basildon voters re-elected their Tory MP

## Clinging to the memory of loadsamoney

Richard Gourlay visits Basildon to find out why Essex man spurned the Labour party

DAVID AMESS appears to be the only person in Basildon not surprised that Essex man, as predicted by Margaret Thatcher, had returned him as Conservative MP.

Like the pundits, residents of this new town were astonished that Labour could not muster the 2.7 per cent swing needed to capture it. Unemployment that has doubled, a poll tax among the highest in the country, repossessions of council houses bought enthusiastically in the boom-boom 1980s - all should have played into Labour's hands.

But come the crunch, the migrants from the east end of London and their much-mocked offspring commuting to smart office jobs in the City clung to the dimming memory of loadsamoney. In particular they judged that

Labour would probably increase the costs of mortgages which a generation ago many would not have dreamed they would ever have.

"It all boils down to money," said Phil Hayler, a mechanic at Church's Motorcycles, who has seen sales of the large super bikes collapse. "People voted with their pockets."

"A lot of people have bought their council houses and are right on the edge," said Roy Payne, a mini-cab driver who sold his ex-council house at a profit, bought a bungalow with the proceeds and is now at full stretch. "We are very disillusioned by the Conservative party but you can't blame them for worldwide recession, it's technology that has done that."

Gary Francis, who works in adminis-

tration in the City, was caught by higher mortgage rates. "I always voted Labour but I wavered thinking about my mortgage on the house I bought three years ago, a bad time to buy," he said. "I couldn't stand Thatcher but John Major is not too bad."

As damaging as fears of higher interest rates was Mr John Smith's pledge of tax increases for anyone earning more than £21,000.

Roy Wood, a security guard, earns over that amount and believes higher taxes would have hit too many modest earners. "Most of the people round here are high earners above that level," he said. He was thrilled at the savings the Tory victory will bestow on his son, whose move from Basildon to a career as an insurance underwriter is what

many Essex parents would aspire to for their offspring.

Poll tax was a factor in Basildon, but not against the Tories, although they had introduced it. Labour's candidate, John Potter, served on the Labour council which had such large debts it had to such a high poll tax.

Yesterday, voters dissecting their preferences in the Jolly Friars pub, had conjured up clearer images of Labour's 1970s strike record than of the Tory-induced hardships of poll tax 18 months ago.

"I was surprised Labour weren't given a chance," said Paul Corey, who runs a one-man window and carpet-cleaning business, the second part of which has run into the wall this year because of the recession.

## Sinn Fein loses Belfast West after tactical vote

By Tim Coone

SINN FEIN, the political wing of the Provisional IRA, yesterday lost its Belfast West seat after the extremist loyalist Ulster Defence Association advised the strongly Protestant Shankill area to vote tactically for a moderate nationalist candidate.

The defeat of Mr Gerry Adams, who had never taken up the Commons seat he won in 1987, by local GP Mr Joe Hendron of the Social Democratic and Labour party, brought diverse reactions ranging from claims of an SDLP "breakthrough" to a warning that military actions by the IRA could be stepped up.

Mr Adams maintained his vote in the constituency at over 16,000, and Mr Hendron appears to have won largely as a result of tactical voting by Unionist supporters.

Unionist leaders urged the minority Protestant community in Belfast West to vote for the Ulster Unionist party, but the UDA, which has a strong presence in the Shankill area, recommended a tactical vote in favour of the SDLP.

The UDA put out a leaflet on the Shankill Road which said a vote for the UUP was "a vote for Sinn Fein".

The UUP vote in the constituency fell 37 per cent to 4,766 from 7,646 in 1987, while the SDLP jumped to 17,415 from 14,641, giving it a slim 600 majority over Sinn Fein.

Mr Hendron described the result as "a rejection of violence" of all paramilitary groups. Mr Seamus Mallon, deputy leader of the SDLP, said it was the "real breakthrough" the party had been looking for in its effort to deprive the IRA of its political base in Northern Ireland.

Mr Peter Robinson, deputy leader of the Democratic Unionist party, warned: "There are still 17,000 Provo supporters in west Belfast who may now be about to put both hands on the Armalite. The security forces must be on the alert for an upsurge in violence now that [Mr Adams] has lost his political card."

Mr Adams described his defeat as "a temporary setback" and Sinn Fein officials pointed out that their vote had largely held firm throughout the province.

Mr Jonathan Stephenson, a spokesman for the SDLP, warned: "It would be wrong to claim that a major shift to the SDLP has started."

He said the real test would be in next year's local elections. "Sinn Fein has had a good group of community politicians in west Belfast who have done a lot of work on the ground," he said.

A question raised by Mr Adams' defeat is whether it will undermine his recent efforts to forge a separate identity for Sinn Fein from the IRA, or whether the militarists

will once again win the upper hand.

The UUP and DUP have meanwhile seen their overall share of the Northern Ireland vote slip by about 2 percentage points, adding to the loss of 2.3 points in 1987.

The DUP and UUP put up competing candidates in three constituencies, where a split Unionist vote would not let in a nationalist candidate. In South Down, where the SDLP was defending a narrow 731 majority against a UUP challenge, a recount was needed.

Mr Ian Paisley, the DUP leader, characteristically began his victory speech on being returned to his seat at North Antrim by singing "Oh God, from whom all blessings flow". In a thinly disguised criticism of his UUP challenger he said: "This constituency needs my voice, my representation and the stand that I take."

The appearance of the Conservatives for the first time in a concerted electoral effort in Northern Ireland made significant inroads into both the Alliance vote and that of the UUP. Dr Laurence Kennedy, the Tory candidate in North Down, said that, despite his failure to oust the independent Unionist Mr Jim Kilfedder, "the Conservative party is now well-established as an electoral force in Northern Ireland."

The Conservatives appear to have won about 7 per cent of the overall vote in the province.

## Labour retains Welsh heartland

By Anthony Moreton

THE TORY dream of challenging Labour superiority in its south Wales heartland lay in tatters yesterday - while Plaid Cymru, the Welsh nationalist party, was celebrating the fact that it now has more MPs than the higher-profile Scottish National party.

From a record 14 of the principalty's 38 seats in 1983, the Tories dropped to six in 1987, a figure they could not improve on yesterday. "A mixed bag," Mr David Hunt, Welsh secretary, called the results.

The six included retaking three by-election losses - Monmouth and the Vale of Glamorgan from Labour and Brecon and Radnor from the Liberal Democrats. The Tories lost

Delyn, Pembroke and Cardiff Central to Labour.

The Brecon result, announced just after lunch yesterday after a recount, means that for the second election running Wales has the seat with the smallest majority in Britain. Five years ago Mr Richard Llewellyn held the seat by 56. Now Mr Walter Sweeney has a majority of 17.

If the Conservative dream has been badly dented Plaid has every reason to be pleased. Although a minuscule force in terms of votes cast, the party increased its number of seats from three to four by capturing Ceredigion and Pembroke North from the Liberal Democrats and ran Labour a very close second in Carmarthen. Mr Dafydd Williams, Plaid

secretary, said the party had "now come out of its Gwynedd fortress". Plaid's three seats in the last parliament had all been won in the one Welsh county where Welsh is very much the medium of conversation.

Mr Dafydd Wigley, the party leader and MP for Carmarthen, pointed out that Plaid still had to win substantial votes in the industrial valleys of south Wales. Here its share of the vote was very small: 1,659 in Gower, 1,606 in Mr Neil Kinnock's Islwyn, 716 in Newport East and 663 in Newport West.

With the Liberal Democrats losing two of their three seats Wales remains what it has been since the early 1950s - Labour territory. Labour made a net gain of one seat, taking

its total to 27 out of the 38 available.

Labour polled well in Wales and pushed up its majorities handsomely.

Mr Alun Michael, returned for Cardiff South and Penarth, and more than doubling his majority, said: "We have come out of the election with increased authority. The result nationally was disappointing but we can be satisfied with that in Wales."

The question of devolution was never a real issue but whether it will recede from the voters' minds is another matter. Mr Michael said there was "a consensus among all parties of a need for change". Welsh secretary Mr David Hunt would not necessarily agree with him.

## Regional breakdown shows swing failure

By Gareth Smyth

IN NO REGION of the country did Labour achieve the level of swing required to become the largest party. Only in the east Midlands did the party make the kind of improvement which could have removed Mr John Major's overall majority.

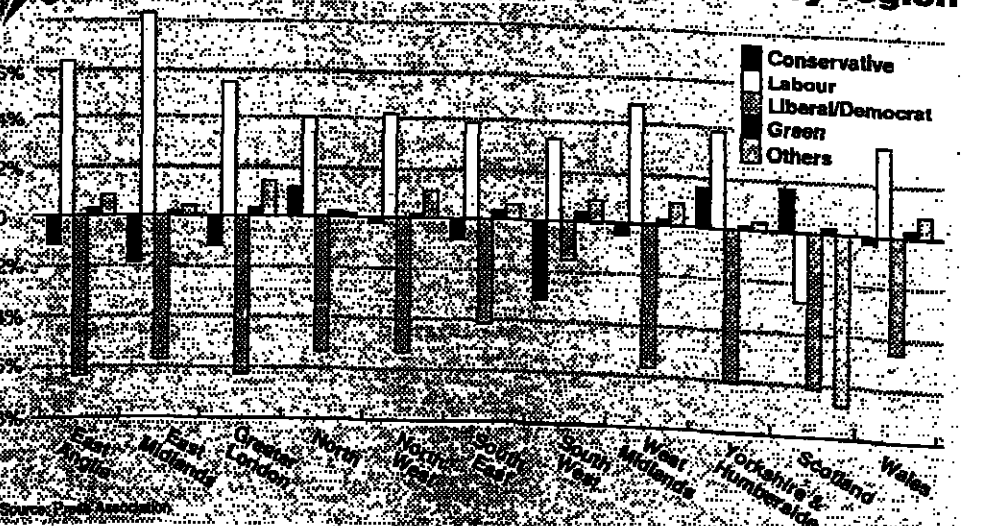
A swing to Labour in London of 8.3 per cent was enough to win 12 seats, 10 from the Conservatives and the two remaining outposts of Dr David Owen's SDP. But the Conservatives held nine of the 21 seats in the capital which Mr Neil

Kinnock needed for an overall majority. As suggested by the opinion polls, Tory support held up well in the north-west.

Scotland swung by more than 2 per cent from Labour to the Conservatives, and the band of Tory MPs swelled from nine to 11.

The Liberal Democrats were down from 1987 in every region, most markedly in Scotland and London where their vote was squeezed in the Conservative/Labour battle, and in East Anglia where their vote plummeted in Cambridge and Cambridgeshire North-East.

## Change in percentage share of vote by region





## ELECTION 1992

## Party people come of age

Byron Criddle considers the make-up of the House of Commons

THE NEW intake of MPs provides stark proof that politics has become less a job done by Conservative lawyers or Labour teachers than by political full-timers who have spent their adult lives on their party's pay-roll.

Five are past or present members of Labour's Watworth Road staff: Peter Mandelson (Hartlepool), Jean Corston (Bristol E), Mike Capes (Oxford S), Gordon Prentice (Pendle) and Janet Anderson (Rosedale and Darwen).

The same trend appears in the new Conservative intake, with John Wittingdale (Colchester S & Maldon), Judith Chaplin (Newbury) and Harriet Booth (Finchley) all from No. 10 Downing Street; David Faber (Westbury) from Central Office; and David Willetts (Havant) from the Centre for Policy Studies.

Such professional politicians are mainly pragmatists anxious to secure and retain office, and thus are important ballast for their leaderships. Union links. A significant proportion (14 per cent) of the new Labour intake has built careers on union pay rolls, notably Keith Hill (Stratford), Rachael Squire (Dunfermline W), Angela Eagle (Wallasey), George Mudie (Leeds E), Richard Burden (Birmingham Northfield), John Speller (Warley W) and Roger Codditt (Birmingham Small Heath).

The new parliamentary Labour party comprises 138 union-sponsored MPs, roughly the same proportion as in the last Commons. This underscores of Labour's union links implies less a radical reversal of Conservative trade union legislation than a defence of the public sector, in which a large number of the sponsored MPs unions are active.

Richard Burden's union (the local government union Nalgo), for example, took full-page advertisements in newspapers during the campaign to attack Conservative health and education policies.

Equally, however, union insiders such as Keith Hill are the sort of ambitious pragmatists whose defence of the public sector (in Mr Hill's case, the railways) will be tempered by a broader view of their party's longer-term interests.

Local government leaders. The large number of new Labour MPs from local government underlines Labour's involvement in defence of the local authority infrastructure. Many of Labour's new intake are senior local government figures with long experience of running municipal authorities: George Mudie (Leeds E), Jamie Carr (Ipswich), John Gurnell (Leeds S & Morley), Neil Gerrard (Walthamstow), John Hephell (Nottingham E), Clive Betts (Sheffield Attercliffe) and John Austin-Walker (Woolwich).

The only equivalents in the new Tory intake are those from "flagship" Conservative councils: Wandsworth's Sir Paul Beresford (Croydon C) and Bradford's Eric Pickles (Brentwood and Ongar).

Political families. The decline of the old-English contingent to 33 MPs (31 Conservatives, two Labour) confirms the demise of the political dynasties, reduced now to the Churchills, Guinesses (Channons and Lennox-Boyd), Benns, Hoggs, Hurds, and Emma Nicholson's family, which has provided many MPs in an unbroken line since the 1890s.

But the continuing importance of family is reflected in the election of Lady Olga Maitland (Sutton & Cheam) and Bernard Jenkin (Colchester N), both children of former MPs. David Faber (Westbury), grandson of Harold Macmillan, and Geoffrey Clifton-Brown (Cirencester & Tewkesbury), whose family has provided five MPs this century.

Labour's new intake brings a husband and wife to the Commons - Bridget Prentice (Lewisham E) and Gordon Prentice (Pendle) - to rival the Conservative couples, the Bottomleys and the Wintertons. The election of Helen Jackson (Sheffield Hillsborough) brings to the House the sister of a former MP (Chris Price).

Retreads. The new intake includes 16 former MPs, nine Conservative, three Labour and one Liberal Democrat.

The Conservatives are Derek Spencer (Brighton Pavilion), Richard Ottaway (Croydon S), Garry Malone (Winchester), Michael Ancram (Devizes), Piers Merchant (Beckenham), Warren Hawkesley (Halesowen & Stourbridge), Mark Robinson (Somerton & Frome), Iain Sproat (Harwich) and John Horam, whose parliamentary career includes periods as first a Labour and then an SDP MP, and who now sits as Conservative member for Orpington.

Labour's retreads are Bryan Davies (Oldham C & Royton), John Speller (Warley W) and Nick Raynsford (Greenwich). The Liberal Democrats returned Paul Tyler (Cornwall N), Three MEPs - all Labour - have affirmed their faith in the enduring importance of Westminster over Strasbourg: Llew Smith (Blaenau Gwent), Geoff Hoon (Ashfield) and George Stevenson (Stoke S). Two other past or present MEPs (Richard Ballis, Labour, and Andrew Pearce, Conservative) failed to make the reverse Channel crossing.

Women. The new House contains a record 57 women MPs, up from 44 in the last parliament. Labour, despite the failure of half its women candidates to secure election in key marginals, supplies 34 of the new total, including Tessa Jowell (Dulwich), Glenda Jackson (Hampstead & Highgate) and Barbara Roche (Hornsey and Wood Green).

Because of the selection of six new women for safe seats - such as Cheryl Gillan (Chesham & Amersham) and Angela Browning (Tiverton) - the Tories have ensured that, despite the defeat of women such as Lynda Chalker in marginal seats, the government benches contain 20 women, an increase of three. Elizabeth Lynne's election at Rochdale means the Liberal Democrats now have two women MPs.

Ethnic minorities. The new House has two new Asian MPs, joining the three black and one Asian MPs (all Labour) elected in 1987. Piers Merchant retained Southall for Labour. Tory attempts to bring black MPs on to their benches succeeded at Brentford & Isleworth, where Nirj Deva retained the seat. But at Cheltenham, the resistance to the imposition of black barrister John Taylor almost certainly eased the way for the Liberal Democrats. Age. In the tough world of contemporary politics, few MPs stay on after 70. Edward Heath (Old Bexley & Sidcup) and his

Conservative colleague, Sir Trevor Skeet (North Bedfordshire) are the only remaining septuagenarians. Six Labour MPs were born in 1923; the oldest is Andrew Faulds (Warley E). Mr Heath and Mr Tony Benn are the only survivors of the 1960 parliament.

The youngest MP remains the re-elected Liberal Democrat, Matthew Taylor (Tfuri), born 1963.

Political trends. How left-wing is the new parliamentary Labour party?

No more than a handful of the new MPs are likely to identify with the hard-left Campaign group, which had some 30 members in the last House. It remains to be seen whether the frustration of national defeat prompts dissent from the more hardline MPs. The Tories' attempt to focus on MPs who have dropped or concealed their un-labourist credentials, savours a little of hogging a dead horse.

Nor does Europe carry such divisive potential, with many left-wingers reconciled to the Commission's social policy. With Mr Kinnock's leadership in the balance, however, it is

unclear whether the broad consensus will be maintained.

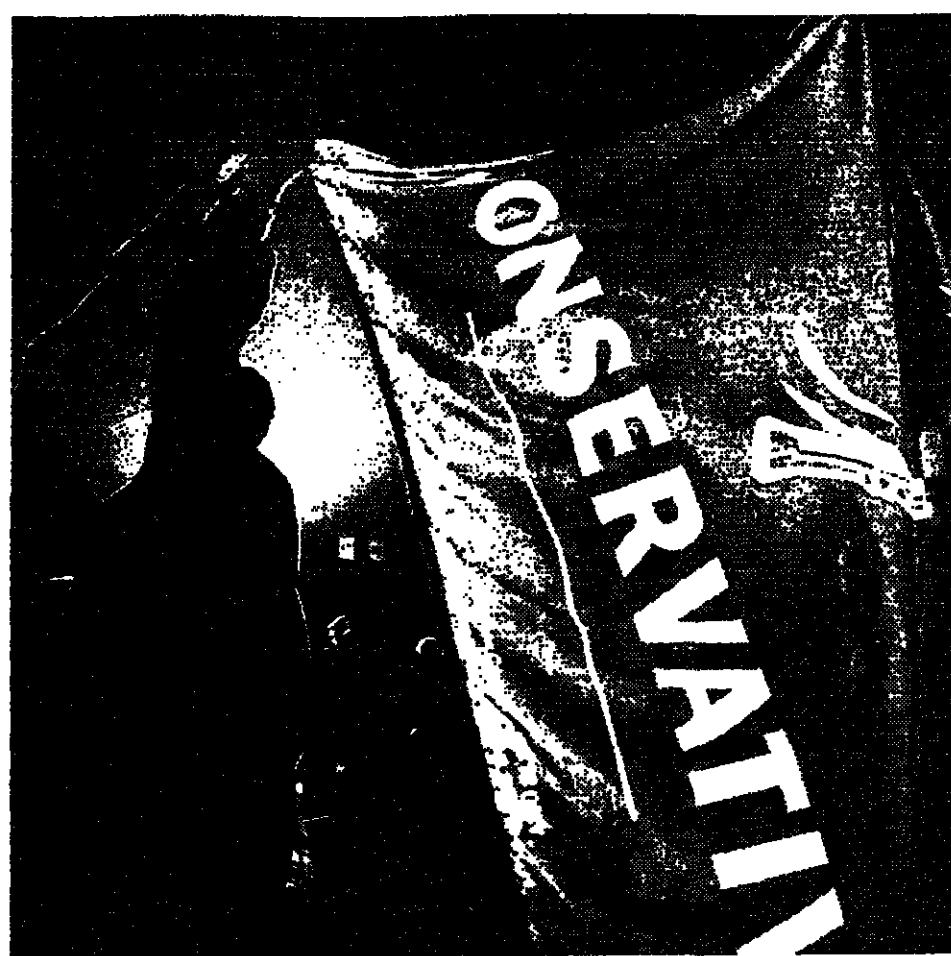
Many of the new Conservative intake were selected during Mrs Thatcher's reign and reflect its orthodoxies. Men such as Liam Fox and Charles Hendry (High Peak) were teenagers when she won the leadership and came of age politically during her premiership.

These "Thatcher's children" may be expected to carry their political nostrums with them through their parliamentary careers as did the One Nation generation of retiring MPs such as Sir Ian Gilmour and Sir Paul Dean, whose seats they have inherited.

Others of the new intake are explicitly identified with Thatcherite positions, notably John Wittingdale (Colchester S), Iain Sproat (Harwich) and Warren Hawkesley (Halesowen & Stourbridge).

A new intake heavily weighted by such people has a potential for embarrassing a government with a relatively small majority.

Byron Criddle is a senior lecturer in politics at Aberdeen university.



Victory flagged: party celebrations outside Conservative Central Office early yesterday

## Ex-MPs' pay-offs will cost up to £2m

By Alison Smith

THE 80 MPs retiring and the more than 20 others who lost their seats could cost the taxpayer about £2m in resettlement grants.

The grants, which are additional to the arrangements for contributory parliamentary pensions, are at least half of the MP's annual salary, currently £30,854. Even if all those leaving parliament were to qualify for the minimum only, it would cost £1.8m. An MP becomes eligible for higher percentages on calculations based on age and number of years at Westminster. An MP aged 55-64 who has served for 15 years or more is entitled to a full year's salary on leaving the Commons.

The taxpayer will also be paying out lesser sums for the ministers who lost their posts, and who are entitled to three months' ministerial salary. These include Mr Francis Maude, Mr Christopher Chope and Mrs Lynda Chalker.

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This year's model: Peter Mandelson, one of the new breed of MPs who formerly worked as party professionals



## NEWS: UK

## ELECTION 1992: RESULTS



Tessa Jowell, new Labour MP for Dulwich in London, is one of a record number of 57 women MPs, compared to 44 in the last parliament. Labour has 34 of the new total



Nirj Deva became one of two new Asian MPs, holding the London seat of Brentford and Isleworth for the Tories. Piara Khaira kept Labour's hold in Southall, London

A

**ABERAVON (55,659)**  
John Morris (Lab.) 36,577  
Mrs Williams (Lab.) 5,567  
Mrs Maryn Harris (Lab.) 4,599  
David Saunders (PC) 1,919  
Crest Beany Real (Econ.) 701  
Lab Hold  
Swing: 0.2% C to Lab Poll: 77.5%

**ABERDEEN NORTH (58,217)**  
Robert Hughes (Lab.) 18,645  
Mrs McGowan (SNP) 8,006  
Paul Cook (Lab.) 6,836  
Dr Martin Ford (LD) 5,227  
Lab Hold  
Swing: 9.2% Lab to SNP Poll: 68.3%

**ABERDEEN SOUTH (58,891)**  
Raymond Robertson (C) 15,608  
Frank Doran (Lab.) 14,201  
James Davidson (SNP) 6,522  
Mrs Irene Keith (LD) 4,767  
Lab Hold  
Swing: 3.2% Lab to C Poll: 68.3%

**ALDERSHOT (51,754)**  
Julian Crouchley (C) 36,974  
John Rogers (Lab.) 17,786  
John Anthony Smith (Lab.) 5,133  
David Robinson (Lab.) 1,098  
C Hold  
Swing: 0.4% LD to C Poll: 78.1%

**ALDRIDGE-BROWNHILLS (48,404)**  
Richard Shepherd (C) 36,731  
Neil Fawcett (Lab.) 17,307  
Sheila Reynolds (LD) 6,803  
C Hold  
Swing: 1.2% C to Lab Poll: 62.5%

**ALTRINCHAM & SALE (55,897)**  
Sir Fergus Montgomery (C) 35,086  
Mrs Maryn Harris (Lab.) 11,601  
John Hulton (Lab.) 1,101  
John Renwick (NLP) 212  
C Hold  
Swing: 0.1% C to Lab Poll: 60.9%

**ALYN & DEESIDE (60,477)**  
Barry Jones (Lab.) 25,206  
Jeffrey Riley (C) 17,335  
Bob Brydon (Lab.) 4,587  
John Rogers (PC) 351  
Vivian Burton (Green) 26,555  
John Cooksey (Lab.) 200  
Lab Hold  
Swing: 1.4% C to Lab Poll: 60.8%

**AMER VALLEY (70,155)**  
Philip Oppenheim (C) 37,418  
John Cooper (Lab.) 26,706  
Mark Brookes (Lab.) 5,234  
C Hold  
Swing: 7.9% C to Lab Poll: 64.8%

**ANGUS EAST (53,170)**  
Andrew Welsh (SNP) 19,000  
Dr Ronald Harris (C) 18,052  
Geoffrey Taylor (Lab.) 5,884  
Cullum McLeod (LD) 3,897  
Cunha McCabe (Green) 449  
SNP Hold  
Swing: 0.6% SNP to C Poll: 75.3%

**ANTRIM EAST (52,939)**  
Roy Rogers (Lab.) 16,896  
Ange O'Donnell (Lab.) 5,544  
Sean Nason (Alliance) 5,132  
Mrs Maryn Harris (Lab.) 3,369  
Mrs Andrea Palmer (NLP) 250  
CUP Hold  
Poll: 62.4%

**ANTRIM NORTH (58,124)**  
Roy Rogers (Lab.) 23,152  
Geoffrey Taylor (Lab.) 4,216  
Sean Farren (SNP) 6,512  
Sarah Williams (Alliance) 3,442  
Richard Sowler (C) 1,935  
James McGarry (SNP) 1,916  
DUP Hold  
Poll: 65.8%

**ANTRIM SOUTH (58,013)**  
Clifford Forsythe (UUP) 29,956  
Dorothy MacLennan (SNP) 5,387  
John Blair (Alliance) 5,224  
Henry Cushman (SNP) 1,220  
Dino Mann (Loony G) 442  
UUP Hold  
Poll: 64.1%

**ARGVILL & BUTE (47,894)**  
Mrs Ray McMillan (Lab.) 12,739  
John Corrie (C) 10,117  
Prof Neil MacCormick (SNP) 6,689  
Diamond Browne (Lab.) 4,364  
LD Hold  
Swing: 1.7% C to LD Poll: 78.1%

**ARUNDEL (78,241)**  
Sir Michael Marshall (C) 35,405  
Dr James Walsh (LD) 15,542  
Roger Nash (Lab.) 6,321  
Mrs Doreen Cameron (Lab.) 5,843  
C Hold  
Swing: 0.9% C to LD Poll: 77.8%

**ASHFIELD (75,075)**  
Geoffrey Taylor (Lab.) 32,016  
Laurence Smith (C) 19,231  
James Turlion (LD) 1,291  
Lab Hold  
Swing: 7.1% C to Lab Poll: 77.7%

**ASHFORD (71,787)**  
Keith Speed (C) 31,031  
Mrs Christine Headley (LD) 13,872  
Mrs Doreen Cameron (Lab.) 11,035  
Dr Andrew Porter (Green) 773  
C Hold  
Swing: 0.6% LD to C Poll: 79.2%

**ASHTON-UNDER-LYNE (58,701)**  
Robert Sheldon (Lab.) 24,550  
John Pinner (C) 13,617  
Charles Turner (LD) 5,843  
Colin Hall (Lab.) 907  
John Brannigan (NLP) 289  
Lab Hold  
Swing: 1.7% C to Lab Poll: 73.7%

**AYLESBURY (79,204)**  
David Liddington (C) 35,500  
Mrs Sharon Bowles (LD) 17,440  
Roger Pratt (Lab.) 6,517  
Nigel Foster (Green) 1,032  
Bruno D'Arcy (NLP) 238  
C Hold  
Swing: 0.3% LD to C Poll: 80.2%

**BATH (52,544)**  
Lib Dem gain  
Swing to Lib Dem  
4.5%  
D Foster (Lab/Dem) 25,718  
P Richards (Lab) 4,102

**BATH & SPEN (76,417)**  
Mrs Elizabeth Smith (C) 27,629  
Mrs Eunice Durrin (Lab.) 26,221  
Gordon Brewer (LD) 6,380  
Olive Lord (Green) 628  
C Hold  
Swing: 7.8% C to Lab Poll: 78.5%

**BATTERSEA (58,218)**  
John Bowles (C) 26,390  
Aid Dubb (Lab.) 21,550  
Roger O'Brien (LD) 3,059  
Ian Wintmore (Green) 564  
Bibi Stevens (NLP) 96  
C Hold  
Swing: 3.7% Lab to C Poll: 76.3%

**BEACONSFIELD (64,288)**  
James Smith (C) 33,817  
Mrs Anne Pusey (LD) 10,220  
Graham Smith (Lab.) 7,163  
William Foster (Lab.) 1,211  
Mrs Joan Martin (EUP) 188  
C Hold  
Swing: 1.1% LD to C Poll: 62.2%

**BECINGHAM (58,440)**  
Kenneth Ritchie (Lab.) 26,323  
Mrs Mary Williams (LD) 8,038  
Charles Turner (LD) 5,843  
Colin Hall (Lab.) 907  
John Brannigan (NLP) 289  
Lab Hold  
Swing: 1.7% C to Lab Poll: 73.7%

**BEDFORD (75,075)**  
Geoffrey Taylor (Lab.) 32,016  
Laurence Smith (C) 19,231  
James Turlion (LD) 1,291  
Lab Hold  
Swing: 7.1% C to Lab Poll: 77.7%

**BEDFORDSHIRE NORTH (73,788)**  
Sir Trevor Skeet (C) 29,320  
Toby Pinner (Lab.) 18,303  
Michael Smith (LD) 10,014  
Mrs Louise Smith (Green) 643  
Brian Bench (NLP) 178  
C Hold  
Swing: 4.8% C to Lab Poll: 60.0%

**BEDFORDSHIRE SOUTH WEST (79,859)**  
Barry Elliott (Lab.) 37,498  
Mark Freeman (LD) 10,868  
Peter Hollings (Green) 543  
Doble Gilmour (NLP) 289  
C Hold  
Swing: 3.7% C to Lab Poll: 62.3%

**BELFAST EAST (52,544)**  
Peter Robinson (C) 18,437  
Dr John Aldridge (Alliance) 10,650  
David Greene (C) 3,314  
Mrs Dorothy Dunlop (Lab.) 2,236  
John O'Donnell (Lab.) 679  
Joe Bell (NLP) 327  
Guy Redden (NLP) 128  
DUP Hold  
Swing: 4.0% DUP to Alliance Poll: 67.7%

**BELFAST NORTH (55,082)**  
Cecil Walker (Lab.) 17,240  
Alban Maguire (SNP) 7,616  
Paddy McKenna (SNP) 6,522  
Tom Campbell (Alliance) 2,246  
Mrs Margaret Redpath (C) 2,107  
Mrs Teresa Mullin (NLP) 212  
Mrs Margaret Smith (NLP) 419  
Daniel O'Leary (SNP) 208  
UUP Hold  
Poll: 77.7%

**BELFAST SOUTH (52,544)**  
Peter Robinson (C) 16,338  
Dr Alastair McDonnell (SNP) 6,286  
John Montgomery (Alliance) 5,054  
Loonard Fee (C) 3,322  
Paddy McKenna (SNP) 1,752  
Peter Harding (LNU) 876  
Patrick Lynn (NLP) 362  
Mrs Teresa Mullin (NLP) 212  
UUP Hold  
Swing: 7.4% UUP to SNP Poll: 84.5%

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Dr Alastair McDonnell (SNP) 6,286  
John Montgomery (Alliance) 5,054  
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Peter Harding (LNU) 876  
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Mrs Teresa Mullin (NLP) 212  
UUP Hold  
Swing: 7.4% UUP to SNP Poll: 84.5%

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John Montgomery (Alliance) 5,054  
Loonard Fee (C) 3,322  
Paddy McKenna (SNP) 1,752  
Peter Harding (LNU) 876  
Patrick Lynn (NLP) 362  
Mrs Teresa Mullin (NLP) 212  
UUP Hold  
Swing: 7.4% UUP to SNP Poll: 84.5%

**BAIRNBY (71,840)**  
Tony Baldry (C) 32,215  
Mrs Angela Bullockham (Lab.) 15,495  
Geoffrey Taylor (Lab.) 10,602  
Dr Robert Tootell (NLP) 250  
C Hold  
Swing: 3.9% C to Lab Poll: 63.8%

**BANFF & BUCHAN (54,873)**  
Alex Salmond (SNP) 21,954  
Sandy Manson (C) 17,466  
Brian Balcombe (Lab.) 3,803  
Mrs Rhona Kane (LD) 2,588  
SNP Hold  
Swing: 1.6% C to SNP Poll: 71.2%

**BARKING (50,454)**  
Mr Joe Richardson (Lab.) 18,224  
John Kennedy (C) 11,944  
Stephen Churchman (LD) 5,133  
Lab Hold  
Swing: 3.9% C to Lab Poll: 69.9%

**BARNLEY CENTRAL (55,373)**  
Eric Lillie (Lab.) 27,048  
David Amess (C) 12,275  
Stephen Cawley (LD) 4,321  
Lab Hold  
Swing: 0.4% C to Lab Poll: 70.3%

**BARNLEY EAST (54,051)**  
Terry Patches (Lab.) 30,345  
John Proctor (C) 5,559  
Mrs Sylvia Anginotti (LD) 3,399  
LD Hold  
Swing: 1.2% C to Lab Poll: 72.3%

**BARNSTAPLE (54,873)**  
Eric Lillie (Lab.) 27,048  
David Amess (C) 12,275  
Stephen Cawley (LD) 4,321  
Lab Hold  
Swing: 0.4% C to Lab Poll: 70.3%

**BARNSTAPLE WEST & PENISTONE**  
Michael Clapham (Lab.) 27,965  
Michael Sawyer (C) 13,481  
An Nicholas (Lab.) 5,610  
Don Jones (Green) 970  
Lab Hold  
Swing: 0.2% Lab to C Poll: 75.7%

**BARRY (52,544)**  
Barry Jones (Lab.) 25,206  
Jeffrey Riley (C) 17,335  
Bob Brydon (Lab.) 4,587  
John Rogers (PC) 351  
Vivian Burton (Green) 26,555  
John Cooksey (Lab.) 200  
Lab Hold  
Swing: 1.4% C to Lab Poll: 60.8%

**BARTON & FURNES (57,784)**  
John Hulton (Lab.) 26,555  
Cecil Franks (C) 22,690  
Clive Crane (LD) 6,089  
Lab Gain from C  
Swing: 6.8% C to Lab Poll: 61.1%

**BASILDON (57,585)**  
John Potter (Lab.) 24,159  
Graham Brookes (Lab.) 5,234  
C Hold  
Swing: 7.9% C to Lab Poll: 64.8%

**BASINGSTOKE (52,544)**  
David Bull (Lab.) 16,323  
Chris Curtis (LD) 14,119  
Valerie Oldaker (Green) 21,196  
Swing: 3.7% C to Lab Poll: 62.7%

**BASSETT (58,583)**  
Joe Ashton (Lab.) 29,081  
Mrs Caroline Speelman (C) 19,054  
Ange O'Donnell (Lab.) 5,544  
Sean Nason (Alliance) 5,132  
Mrs Maryn Harris (Lab.) 3,369  
Mrs Andrea Palmer (NLP) 250  
CUP Hold  
Poll: 62.4%

**BATH (52,544)**  
Lib Dem gain  
Swing to Lib Dem  
4.5%  
D Foster (Lab/Dem) 25,718  
P Richards (Lab) 4,102

**BATH & SPEN (76,417)**  
Mrs Elizabeth Smith (C) 27,629  
Mrs Eunice Durrin (Lab.) 26,221  
Gordon Brewer (LD) 6,380  
Olive Lord (Green) 628  
C Hold  
Swing: 7.8% C to Lab Poll: 78.5%

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John Bowles (C) 26,390  
Aid Dubb (Lab.) 21,550  
Roger O'Brien (LD) 3,059  
Ian Wintmore (Green) 564  
Bibi Stevens (NLP) 96  
C Hold  
Swing: 3.7% Lab to C Poll: 76.3%

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James Smith (C) 33,817  
Mrs Anne Pusey (LD) 10,220  
Graham Smith (Lab.) 7,163  
William Foster (Lab.) 1,211  
Mrs Joan Martin (EUP) 188  
C Hold  
Swing: 1.1% LD to C Poll: 62.2%

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Kenneth Ritchie (Lab.) 26,323  
Mrs Mary Williams (LD) 8,038  
Charles Turner (LD) 5,843  
Colin Hall (Lab.) 907  
John Brannigan (NLP) 289  
Lab Hold  
Swing: 1.7% C to Lab Poll: 73.7%

**BEDFORD (75,075)**  
Geoffrey Taylor (Lab.) 32,016  
Laurence Smith (C) 19,231  
James Turlion (LD) 1,291  
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Toby Pinner (Lab.) 18,303  
Michael Smith (LD) 10,014  
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Mrs Teresa Mullin (NLP) 212  
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UUP Hold  
Poll: 77.7%

**BELFAST SOUTH (52,544)**  
Peter Robinson (C) 16,338  
Dr Alastair McDonnell (SNP) 6,286  
John Montgomery (Alliance) 5,054  
Loonard Fee (C) 3,322  
Paddy McKenna (SNP) 1,752  
Peter Harding (LNU) 876  
Patrick Lynn (NLP) 362  
Mrs Teresa Mullin (NLP) 212  
UUP Hold  
Swing: 7.4% UUP to SNP Poll: 84.5%

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Patrick Lynn (NLP) 362  
Mrs Teresa Mullin (NLP) 212  
UUP Hold



## ELECTION 1992: RESULTS

**C**  
**CUNNINGHAM SOUTH (49,916)**  
 Brian Donohue (Lab) 10,667  
 Ricky Bell (SNP) 8,007  
 Sebastian Leslie (C) 6,070  
 Brian Shaw (LD) 5,129  
 Bill Jackson (NLP) 2,289  
 Lab Hold  
 Swing: 10.55% Lab to SNP  
 Poll: 75.85%

**CYNON VALLEY (48,638)**  
 Ms Ann Chryd (Lab) 26,564  
 Andrew Smith (C) 4,980  
 Terry Bennett (LD) 4,980  
 Marcella Verma (LD) 2,687  
 Lab Hold  
 Swing: 0.24% Lab to C  
 Poll: 76.48%

**DAGENHAM (58,648)**  
 Bryan Gould (Lab) 22,027  
 Don Roseberry (C) 15,294  
 Charles Marquand (LD) 5,524  
 Lab Hold  
 Swing: 5.01% C to Lab  
 Poll: 70.65%

**DARLINGTON (58,094)**  
 Alan Milburn (Lab) 26,556  
 Michael Fallon (C) 23,759  
 Peter Berg (LD) 4,586  
 Dr Donald Clark (SNP) 2,122  
 Lab Gain from C  
 Swing: 5.03% C to Lab  
 Poll: 63.60%

**DARTFORD (73,386)**  
 Bob Dunn (C) 31,184  
 Dr Howard Stote (Lab) 20,680  
 Peter Brown (LD) 10,725  
 Alan Munro (FOP) 2,282  
 Ms Angela Holland (NLP) 2,247  
 Lab Hold  
 Swing: 4.44% C to Lab  
 Poll: 63.14%

**DAVENTRY (71,234)**  
 Timothy Boswell (C) 34,734  
 Bryan Brotherton (Lab) 14,460  
 Tony Rounthwaite (LD) 9,820  
 Russell France (NLP) 2,122  
 C Hold  
 Swing: 1.86% C to Lab  
 Poll: 62.75%

**DAYTHORPE (51,679)**  
 Winston Churchill (C) 24,216  
 Barry Brotherton (Lab) 19,790  
 Ms Jacqueline Pearson (LD) 6,787  
 Terence Brotherton (LD) 3,121  
 C Hold  
 Swing: 3.70% C to Lab  
 Poll: 61.82%

**DELYN (58,587)**  
 David Hanson (Lab) 24,979  
 Mike Whitty (C) 22,940  
 Ray Dodd (LD) 5,414  
 Ashley Drake (FOP) 2,122  
 Lab Gain from C  
 Swing: 3% C to Lab  
 Poll: 63.40%

**DENTON & REDDISH (48,463)**  
 Andrew Bennett (Lab) 20,221  
 Jeffrey Horswell (C) 18,687  
 Dr Fred Hiley (LD) 12,368  
 Martin Powell (LD) 1,296  
 John Fuller (NLP) 354  
 Lab Hold  
 Swing: 3.54% C to Lab  
 Poll: 76.77%

**DERBY NORTH (75,176)**  
 Greg Knight (C) 28,574  
 Peter Hiley (LD) 22,940  
 Bob Charlesworth (LD) 6,936  
 Eric Hill (Green) 3,883  
 Peter Hart (NLP) 2,122  
 Nicholas Onley (NLP) 2,122  
 C Hold  
 Swing: 2.01% C to Lab  
 Poll: 60.85%

**DERBY SOUTH (58,328)**  
 Mrs Margaret Beckett (Lab) 25,571  
 Nicholas Brown (C) 19,961  
 Simon Harcourt (LD) 10,725  
 Lab Hold  
 Swing: 5.34% C to Lab  
 Poll: 75.52%

**DERBYSHIRE NORTH EAST (70,707)**  
 John Barnes (Lab) 25,820  
 John Hayes (C) 22,940  
 David Stone (LD) 10,725  
 Lab Hold  
 Swing: 1.98% C to Lab  
 Poll: 65.61%

**DERBYSHIRE SOUTH (52,342)**  
 Mrs Edwina Currie (C) 24,216  
 Mark Todd (Lab) 22,940  
 Ms Diana Brass (LD) 6,936  
 Steve Mercer (NLP) 2,122  
 C Hold  
 Swing: 4.82% C to Lab  
 Poll: 55.49%

**DERBYSHIRE WEST (71,201)**  
 Patrick McDougall (C) 30,670  
 Richard Lamb (LD) 14,110  
 Stephen Clump (Lab) 13,528  
 C Hold  
 Swing: 6.55% LD to C  
 Poll: 64.99%

**DEVIZES (68,745)**  
 Michael Anson (C) 30,000  
 Mrs Anne Macgregor (Lab) 25,820  
 Mrs Rosemary Berry (Lab) 13,528  
 Stuart Cook (LD) 6,936  
 David Ripley (Green) 2,122  
 C Hold  
 Swing: 0.01% LD to C  
 Poll: 61.67%

**DEVON NORTH (58,998)**  
 Nick Harvey (LD) 27,414  
 Tony Speller (C) 26,620  
 Paul Danner (Lab) 8,410  
 Ms Catherine Simmonds (LD) 6,936  
 Gray Treddwell (NLP) 1,296  
 Lab Gain from C  
 Swing: 4.74% C to LD  
 Poll: 64.36%

**DEVON WEST & TORRIDGE (75,533)**  
 Mrs Emma Nicholson (C) 29,627  
 David McBride (LD) 26,620  
 David Brannon (Lab) 10,725  
 Dr Frank Williamson (Green) 6,936  
 David Collins (NLP) 2,122  
 Lab Hold  
 Swing: 2.52% C to LD  
 Poll: 61.48%

**DEWSBURY (72,339)**  
 Mrs Ann Taylor (Lab) 25,596  
 John Whitted (C) 24,979  
 Robert Meadowcroft (LD) 8,410  
 Lady Jane Stoddart (LD) 4,980  
 Neil Denton (Green) 2,122  
 Mrs Janet Marston (NLP) 1,296  
 Lab Hold  
 Swing: 0.14% C to Lab  
 Poll: 60.18%

**DON VALLEY (76,827)**  
 Martin Redmond (Lab) 32,038  
 Malcolm Greenwood (C) 19,474  
 Malcolm Jevons (LD) 6,936  
 Stephen Piaz (Green) 2,122  
 Lab Hold  
 Swing: 1.16% C to Lab  
 Poll: 76.23%

**DONCASTER CENTRAL (68,686)**  
 Harold Walker (Lab) 27,795  
 William Glesop (C) 17,113  
 Cliff Hanson (LD) 10,725  
 Michael Driver (WFP) 2,122  
 Lab Hold  
 Swing: 2.46% C to Lab  
 Poll: 74.24%

**DONCASTER NORTH (74,732)**  
 Kevin Hughes (Lab) 34,135  
 Robert Light (C) 24,979  
 Steve Whiting (LD) 6,936  
 Lab Hold  
 Swing: 0.74% Lab to C  
 Poll: 73.92%

**DORSET NORTH (75,714)**  
 Nicholas Baker (C) 34,234  
 Linda Single (LD) 24,979  
 John Fitzmaurice (Lab) 4,980  
 C Hold  
 Swing: 2.20% C to LD  
 Poll: 61.75%

**DORSET SOUTH (75,728)**  
 Bruce (C) 26,319  
 Brian Ellis (LD) 24,979  
 Dr Alan Chazdoy (Lab) 12,368  
 Mrs J Neger (LD) 2,122  
 Mark Griffiths (NLP) 1,296  
 C Hold  
 Swing: 2.09% C to LD  
 Poll: 76.91%

**DORSET WEST (67,556)**  
 Sir James Spicer (C) 27,795  
 Robin Legg (LD) 10,725  
 Joe Mead (Lab) 6,936  
 Lab Hold  
 Swing: 4.94% C to LD  
 Poll: 61.18%

**DOVER (58,582)**  
 David Shaw (C) 25,582  
 Gwyn Prosser (Lab) 24,979  
 Mike Solo (LD) 6,936  
 Adrian Sullivan (Green) 2,122  
 Peter Sherrard (LD) 4,980  
 Brian Philip (LD) 2,122  
 Brian Perry (NLP) 1,296  
 C Hold  
 Swing: 5.21% C to Lab  
 Poll: 63.50%

**DOWN NORTH (58,482)**  
 James Killeferd (Pop U) 19,305  
 Dr Laurence Kennedy (C) 14,371  
 Derrick Lyon (LD) 10,725  
 Danny Vitty (DUP) 4,414  
 Andrew Wilmut (NLP) 2,122  
 Lab Hold  
 Swing: 0.24% Lab to C  
 Poll: 63.47%

**DOWN SOUTH (70,083)**  
 Eddie McGrady (SDLP) 31,523  
 Drew Nelson (UUP) 25,181  
 Sean Fitzpatrick (SF) 1,843  
 Michael Healey (Alliance) 1,542  
 Mrs Stephanie McKenzie-Hill (C) 1,488  
 SDLP Hold  
 Swing: 5.25% UUP to SDLP  
 Poll: 60.82%

**DUDLEY EAST (76,338)**  
 Dr John Gilbert (Lab) 28,806  
 James Holland (C) 24,979  
 Ian Jenkins (LD) 4,414  
 George Cartwright (NLP) 2,122  
 Lab Hold  
 Swing: 0.86% C to Lab  
 Poll: 74.98%

**DUDLEY WEST (58,523)**  
 Dr John Blackman (C) 34,729  
 Kevin Lomas (Lab) 23,940  
 Neil Lewis (LD) 10,725  
 C Hold  
 Swing: 3.55% C to Lab  
 Poll: 62.08%

**DULWICH (55,141)**  
 Ms Teresa Jowett (Lab) 17,174  
 Gary Bowden (C) 16,525  
 Dr Alex Goidie (LD) 6,936  
 Lab Gain from C  
 Swing: 2.97% C to Lab  
 Poll: 67.91%

**DUNDEE (67,222)**  
 19,255  
 Tom Begg (C) 19,255  
 Peter Farnie (LD) 14,371  
 Neil Macdonald (SNP) 5,127  
 Graham Macdonald (LD) 2,122  
 Diana Kruse (NLP) 1,296  
 Lab Hold  
 Swing: 1.26% C to Lab  
 Poll: 77.11%

**DUMFRIES (51,145)**  
 Sir Hector Macdonald (C) 21,098  
 Peter Farnie (LD) 14,371  
 Alexander Morgan (SNP) 6,936  
 Neil Wallace (LD) 5,127  
 Graham Macdonald (LD) 2,122  
 Thomas Barlow (NLP) 1,296  
 C Hold  
 Swing: 1.79% C to Lab  
 Poll: 79.97%

**DUNDEE EAST (58,588)**  
 John Macdonald (C) 18,781  
 David Coult (SNP) 14,371  
 Stephen Blackman (C) 7,548  
 Neil Wall (LD) 2,122  
 Ms Shiona Baird (Green) 2,122  
 Ronald Baird (NLP) 1,296  
 Lab Hold  
 Swing: 1.79% C to Lab  
 Poll: 79.97%

**DUNDEE WEST (58,588)**  
 John Macdonald (C) 18,781  
 David Coult (SNP) 14,371  
 Stephen Blackman (C) 7,548  
 Neil Wall (LD) 2,122  
 Ms Shiona Baird (Green) 2,122  
 Ronald Baird (NLP) 1,296  
 Lab Hold  
 Swing: 1.79% C to Lab  
 Poll: 79.97%

**DUNDEE SOUTH (58,588)**  
 John Macdonald (C) 18,781  
 David Coult (SNP) 14,371  
 Stephen Blackman (C) 7,548  
 Neil Wall (LD) 2,122  
 Ms Shiona Baird (Green) 2,122  
 Ronald Baird (NLP) 1,296  
 Lab Hold  
 Swing: 1.79% C to Lab  
 Poll: 79.97%

**DUNDEE NORTH (58,588)**  
 John Macdonald (C) 18,781  
 David Coult (SNP) 14,371  
 Stephen Blackman (C) 7,548  
 Neil Wall (LD) 2,122  
 Ms Shiona Baird (Green) 2,122  
 Ronald Baird (NLP) 1,296  
 Lab Hold  
 Swing: 1.79% C to Lab  
 Poll: 79.97%

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 Lab Hold  
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 Lab Hold  
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 Lab Hold  
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 Stephen Blackman (C) 7,548  
 Neil Wall (LD) 2,122  
 Ms Shiona Baird (Green) 2,122  
 Ronald Baird (NLP) 1,296  
 Lab Hold  
 Swing: 1.79% C to Lab  
 Poll: 79.97%



Sir Paul Beresford, MP for Croydon South, is one of several of the new Conservative intake who are explicitly identified with Thatcherite positions

**EDDIBURY (75,888)**  
 Dennis Canavan (Lab) 19,182  
 Ms Norma Edwards (Lab) 18,228  
 Michael Macdonald (C) 10,725  
 Martin Raitly (LD) 2,414  
 Lab Hold  
 Swing: 5.57% Lab to SNP  
 Poll: 78.72%

**EDINBURGH CENTRAL (58,537)**  
 15,189  
 Paul Martin (C) 13,083  
 Ms Lynne Dewine (SNP) 5,539  
 Ian Jenkins (LD) 4,414  
 Robb Harper (Green) 630  
 Dick Wilson (Lab) 225  
 Lab Hold  
 Swing: 0.04% Lab to C  
 Poll: 65.29%

**EDINBURGH EAST (58,537)**  
 Dr Gavin Strang (Lab) 15,446  
 Kenneth Ward (C) 8,235  
 Donald Mackenzie (SNP) 5,539  
 David Mackenzie (SNP) 5,539  
 Graham Farmer (Green) 494  
 Lab Hold  
 Swing: 2.14% Lab to C  
 Poll: 73.89%

**EDINBURGH SOUTH (58,537)**  
 Nigel Griffiths (Lab) 18,485  
 Brian Stevenson (C) 14,371  
 Robert Knox (SNP) 5,539  
 George Manders (NLP) 1,296  
 Lab Hold  
 Swing: 2.78% C to Lab  
 Poll: 72.67%

**EDINBURGH WEST (58,537)**  
 Lord James Douglas Hamilton (C) 18,485  
 Donald Gordon (LD) 17,174  
 Ms Irene Kilson (LD) 4,414  
 Graham Sutherland (SNP) 4,414  
 Alan Fleming (Lab) 2,122  
 Ms Linda Hendry (Green) 2,122  
 David Bruce (SNP) 1,296  
 C Hold  
 Swing: 0.35% C to LD  
 Poll: 62.67%

**EDINBURGH NORTH (58,537)**  
 Malcolm Chisholm (Lab) 13,700  
 John Haydon (SNP) 12,368  
 Mohammed Bin Agha Rizvi (C) 8,410  
 Mary Campbell (LD) 4,980  
 Ron Brown (LD) 4,980  
 Alan Swan (NLP) 1,296  
 Lab Hold  
 Swing: 0.12% C to Lab  
 Poll: 71.30%

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 Malcolm Chisholm (Lab) 13,700  
 John Haydon (SNP) 12,368  
 Mohammed Bin Agha Rizvi (C) 8,410  
 Mary Campbell (LD) 4,980  
 Ron Brown (LD) 4,980  
 Alan Swan (NLP) 1,296  
 Lab Hold  
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 Lab Hold  
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 Lab Hold  
 Swing: 0.12% C to Lab  
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 Alan Swan (NLP) 1,296  
 Lab Hold  
 Swing: 0.12% C to Lab  
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 Alan Swan (NLP) 1,296  
 Lab Hold  
 Swing: 0.12% C to Lab  
 Poll: 71.30%

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 Mohammed Bin Agha Rizvi (C) 8,410  
 Mary Campbell (LD) 4,980  
 Ron Brown (LD) 4,980  
 Alan Swan (NLP) 1,296  
 Lab Hold  
 Swing: 0.12% C to Lab  
 Poll: 71.30%



## NEWS: UK

## ELECTION 1992: RESULTS

## KILMARNOCK &amp; LOUDOUN (82,002)

William McFadyen (Lab.) 22,210  
Alex Neil (SNP) 15,321  
Richard Wilkinson (Lab.) 9,438  
Mrs Kate Philbrick (LD) 2,722  
Lab Hold  
Swing: 6.13% Lab to SNP Poll: 79.99%

## Kincardine &amp; Deeside

Pol: 78.74%

Con: 4,495  
SNP: 22,824  
Lab: 18,429  
A Macartney (SNP) 5,927

Stephen takes only five months  
to MP following a marked Conservative  
recovery since losing the by-election of  
November 1991.

Kingston upon Thames (51,077)

Norman Lamont (C) 20,675  
Derek Osbourne (Lab.) 10,522  
Robert Munn (Lab.) 7,749  
Adrian Amer (Lab.) 771  
David Beaupre (Lab.) 212  
Graham Woodcock (Lab.) 81  
Anthony Schofield (Anti Fed.) 42  
C Hold  
Swing: 0.31% C to LD Poll: 78.41%

Kingswood (71,727)

Roger Barry (Lab.) 26,774  
Robert Hayward (C) 24,435  
Mrs Jeanie Pinkerton (LD) 2,967  
Lab Gain from C  
Swing: 5.72% C to Lab Poll: 63.85%

Kirkcaldy (51,762)

Lewis Moonie (Lab.) 17,887  
Stewart Hogg (Lab.) 8,476  
Stephen Woolley (C) 8,372  
Mrs Sue Leslie (LD) 3,729  
Lab Hold  
Swing: 7.18% Lab to SNP Poll: 75.05%

Knowlesley North (48,761)

George Howarth (Lab.) 27,617  
Simon Murray (C) 15,114  
James Murray (Lab.) 1,515  
Mrs Kathleen Lapsin (Lab.) 1,180  
Veeva Rabin (Lab.) 1,273  
Lab Hold  
Swing: 2.66% C to Lab Poll: 72.51%

Knowlesley South (52,280)

Eddie O'Hara (Lab.) 31,933  
Leslie Byrom (C) 9,822  
Ian Smith (LD) 4,417  
Michelangelo Rialano (NLP) 2,480  
Lab Hold  
Poll: 74.77%

Lagan Valley (72,645)

James Moynihan (UUP) 29,772  
Seamus Close (Alliance) 6,207  
Hugh Lewin (Lab.) 5,223  
Timothy Colledge (C) 4,423  
Pat Rice (SF) 3,346  
Mrs Anne-Marie Lowry (WP) 2,555  
UUP Hold  
Swing: 4.02% UUP to Alliance  
Poll: 67.39%

Lancashire West (77,462)

Colin Piddell (Lab.) 30,128  
Kenneth Hind (C) 28,051  
Peter Reilly (Lab.) 18,131  
Philip Peewley (Green) 546  
Beverly Morris (NLP) 338  
Lab Gain from C  
Swing: 2.74% C to Lab Poll: 62.56%

Lancaster (58,714)

Dame Elaine Keates-Bowman (C) 21,084  
Mr Ruth Henig (Lab.) 18,131  
John Humblestone (Lab.) 6,524  
Mrs Elaine Dowling (Green) 633  
Robert Barrie (Lab.) 293  
C Hold  
Swing: 3.50% C to Lab Poll: 78.78%

Langbaurgh (79,590)

Mr Ashok Kumar (Lab.) 28,454  
Peter Allen (LD) 7,815  
C Gain from Lab  
Poll: 61.65%

Leeds Central (62,058)

Derek Fatchett (Lab.) 23,673  
Mrs Teresa Holdroyd (C) 17,437  
David Pratt (LD) 5,713  
Lab Hold  
Swing: 4.88% C to Lab Poll: 61.29%

Leeds East (61,685)

George Mudie (Lab.) 24,929  
Neil Carmichael (C) 12,227  
Peter Wrigley (Lab.) 8,026  
Lab Hold  
Swing: 3.61% C to Lab Poll: 70.02%

Leeds North East (64,872)

Timothy Kirkhope (C) 22,462  
Fahmy Hamilton (Lab.) 18,218  
Christopher Wainwright (LD) 8,271  
John Noble (Green) 4,534  
C Hold  
Swing: 5.88% C to Lab Poll: 78.99%

Leeds North West (69,406)

Dr Keith Pearson (C) 21,790  
Mrs Barbara Pearson (LD) 14,070  
Mrs Sue Egan (Lab.) 10,789  
David Webb (Green) 519  
Hazel Newnham (Lab.) 427  
C Hold  
Swing: 2.55% LD to C Poll: 72.64%

Leeds South & Morley (63,107)

John Sunnell (Lab.) 26,310  
Richard Booth (C) 16,524  
Mrs Joan Wainwright (LD) 5,082  
Robert Thurston (Lab.) 2,271  
Lab Hold  
Swing: 0.33% C to Lab Poll: 72.58%

Leeds West (67,064)

John Bartlett (Lab.) 26,310  
John Gifford (C) 12,482  
George Howard (LD) 8,271  
Michael McDermott (Lab.) 3,980  
Mrs Alison Mearns (Green) 589  
Robert Tenny (WP) 132  
Lab Hold  
Swing: 4.48% C to Lab Poll: 71.14%

Leicester East (63,494)

Keith Vaz (Lab.) 26,123  
Johanna Stevens (C) 16,007  
Mrs Sheila Mitchell (LD) 4,943  
Murray Frankland (Green) 8,523  
Dennis Taylor (Homeless) 308  
Lab Hold  
Swing: 9.33% C to Lab Poll: 78.40%

Leicester South (71,100)

James Marshall (Lab.) 27,324  
Dr Michael Duff (C) 14,287  
Mrs Anne Crumley (LD) 8,271  
Mr Whitaker (Green) 524  
Mrs Patricia Saunders (NLP) 154  
Lab Hold  
Swing: 7.77% C to Lab Poll: 75.95%

Leicestershire North West

David Askey (Lab.) 28,379  
David Taylor (Lab.) 27,400  
Jeremy Bennett (LD) 6,350  
John Fackrell (C) 229  
C Hold  
Swing: 5.80% C to Lab Poll: 96.11%

LEIGH (70,084)

Lawrence Cunniff (Lab.) 32,225  
Joseph Egan (C) 13,399  
Robert Bleakley (LD) 8,621  
Adrian Taylor (NLP) 320  
Lab Hold  
Swing: 1.71% C to Lab Poll: 75.02%

LEWISHAM (70,573)

John Temple-Morris (Lab.) 32,783  
David Short (LD) 16,103  
Chris Chappell (Lab.) 8,674  
Mrs Felicity Norman (Green) 1,537  
Capt Edmund Carless (Anti Fed.) 540  
C Hold  
Swing: 1.43% LD to C Poll: 61.68%

LEWISHAM (73,918)

Tim Rathbone (C) 33,042  
Norman Bates (Lab.) 20,987  
Alison Chapman (Lab.) 5,758  
Anthony Beaumont (Green) 719  
Norman Clinch (NLP) 87  
C Hold  
Swing: 2.02% C to LD Poll: 81.81%

LEWISHAM EAST (57,674)

Ma Bridget Fennell (Lab) 19,576  
Colin Moynihan (C) 18,481  
Julian Hawkins (LD) 4,477  
Ma Gilda Mansour (NLP) 195  
Lab Gain from C  
Swing: 8.73% C to Lab Poll: 74.78%

LEWISHAM WEST (59,317)

Jim Dowd (Lab.) 20,373  
Sir John Roper (Lab.) 18,569  
Ma Eileen Neale (LD) 4,295  
Paul Coulam (Anti Fed.) 125  
Lab Gain from C  
Swing: 6.23% C to Lab Poll: 73.11%

LEWISHAM, DEPTFORD (57,014)

Miss Teresa O'Neill (C) 22,574  
Mrs Johanna Brighwell (LD) 10,338  
Lab Hold  
Swing: 7.53% C to Lab Poll: 65.05%

LEYTON (57,271)

Sir Peter Roper (Lab.) 20,334  
Miss Christine Smith (C) 8,850  
Jonathan Fryer (Lab.) 8,180  
Leah Hogg (Lab.) 11,238  
Khalid Pervaz (Green) 412  
Richard Archer (NLP) 256  
Lab Hold  
Swing: 8.84% C to Lab Poll: 67.38%

LINCOLN (78,905)

Kenneth Carlisle (C) 28,792  
Nick Butler (Lab.) 26,732  
David Harding-Price (LD) 6,316  
Ma Sue Wiggins (Lab.) 823  
C Hold  
Swing: 4.78% C to Lab Poll: 75.15%

LINDSEY EAST (60,828)

Simon Murray (C) 31,916  
James Murray (Lab.) 1,515  
Mrs Kathleen Lapsin (Lab.) 1,180  
Veeva Rabin (Lab.) 1,273  
Lab Hold  
Swing: 2.66% C to Lab Poll: 72.51%

LITTLEBOROUGH & SADDLEWORTH (65,878)

Geoffrey Dickens (C) 23,682  
Chris Davies (Lab.) 19,168  
Philip Hogg (Lab.) 10,528  
C Hold  
Swing: 1.86% C to LD Poll: 61.81%

LIVERPOOL, BROADGREEN (60,800)

Ma Jane Kennedy (Lab.) 18,082  
Mrs Rosemary Cooper (LD) 11,035  
Eric Farthing (Lab.) 5,982  
Mrs Helen Roche (C) 5,405  
Steve Radford (Lab.) 1,211  
Mrs Ann Brennan (NLP) 428  
Lab Gain from Lab  
Poll: 65.59%

LIVERPOOL, GARSTON (57,538)

John Backhouse (C) 10,333  
Bill Roberts (Lab.) 5,588  
Alison Chapman (Lab.) 5,758  
Peter Chandler (NLP) 387  
Lab Hold  
Swing: 0.28% C to Lab Poll: 70.60%

LIVERPOOL, MOSSLEY HILL (60,409)

David Allen (LD) 19,809  
Neville Bann (Lab.) 17,023  
Tony Nelson (Lab.) 10,528  
Byron Rigby (NLP) 114  
Lab Hold  
Swing: 0.71% Lab to LD Poll: 60.52%

LIVERPOOL, RIVERSIDE (48,685)

Bob Parry (Lab.) 20,550  
Dr Andrew Zaimon (C) 3,113  
Tony Nelson (Lab.) 10,528  
Lawrence Brown (Green) 738  
John Collins (NLP) 159  
Lab Hold  
Swing: 2.51% C to Lab Poll: 64.57%

LIVERPOOL, WALTON (70,102)

34,214  
Berkley Greenwood (C) 5,915  
Joseph Long (LD) 5,672  
David Phillips (Lab.) 2,271  
Peter Carson (Lab.) 293  
Ma Diane Ralano (NLP) 98  
Lab Hold  
Poll: 67.40%

LIVERPOOL, WEST DERBY (66,718)

Bob Waring (Lab.) 27,014  
Christopher Wainwright (LD) 8,271  
Ma Gillian Dundred (LD) 4,438  
David Curtis (Lab.) 1,021  
Christopher Higgins (NLP) 152  
Lab Hold  
Swing: 2.72% C to Lab Poll: 69.84%

LIVINGSTON (51,082)

Robin Cook (Lab.) 20,245  
Peter Johnson (SNP) 12,140  
Tony Nelson (Lab.) 10,528  
Fred Macdonald (LD) 3,911  
Alain Roper (Green) 459  
Lab Hold  
Swing: 5.55% Lab to SNP Poll: 77.80%

LLANELLI (66,659)

David Davies (Lab.) 27,802  
Graham Dunn (Lab.) 8,523  
Ma Phillips (C) 7,878  
Mrs Helen Roche (C) 5,405  
Lab Hold  
Swing: 1.95% Lab to C Poll: 77.80%

LONGDERBY EAST (75,559)

William Ross (UUP) 30,370  
Archie Doherty (SNP) 11,843  
Mrs Pauline O'Connell (SNP) 3,393  
Paddy McGowan (Alliance) 3,613  
Aidan Elder (C) 1,589  
UUP Hold  
Swing: 3.08% UUP to SNP Poll: 77.14%

LOUGHBOROUGH (75,450)

Stephen Dorrell (C) 30,054  
Andrew Reed (Lab.) 18,181  
Mrs Pauline O'Connell (SNP) 3,393  
Ian Sinclair (Green) 817  
Peter Reynolds (NLP) 233  
C Hold  
Swing: 5.63% C to Lab Poll: 75.32%

LUDLOW (66,935)

Christopher Gill (C) 28,719  
David Phillips (Lab.) 14,287  
Ma Barry Mason (Lab.) 11,709  
Neil Appleton-Fox (Green) 758  
C Hold  
Swing: 1.22% LD to C Poll: 80.87%

LUTON NORTH (76,857)

John Carlisle (C) 33,777  
David Davies (Lab.) 27,802  
Mrs Jane Jackson (LD) 7,570  
Roger Jones (Green) 633  
Keith Buscombe (NLP) 232  
C Hold  
Swing: 3.12% C to Lab Poll: 61.58%

LUTON SOUTH (73,018)

35,900  
Bill McCann (Lab.) 25,101  
David Rogers (Lab.) 6,020  
Ma Lyn Bliss (Green) 550  
John Gask (NLP) 191  
C Hold  
Swing: 4.08% C to Lab Poll: 75.91%



Angela Eagle, new member for Wallasey, is at 32 the youngest Labour MP. She is one of five new MPs born in 1961, the others being Conservatives.

MONKLANDS WEST (48,289)

Tom Clarke (Lab.) 23,384  
Keith Bowry (SNP) 8,319  
Conal Smith (Lab.) 5,758  
Ma Shona Hamilton (LD) 2,382  
Lab Hold  
Swing: 3.37% Lab to SNP Poll: 77.49%

MONMOUTH (59,147)

24,059  
Huw Edwards (Lab.) 20,885  
Mrs Frances David (Lab.) 5,582  
Mel Witherden (NLP) 431  
C Gain from Lab  
Poll: 88.06%

MONTGOMERY (41,386)

16,931  
Mrs Jeanie Frances-Hayward (Lab.) 10,822  
Steve Wood (Lab.) 4,115  
Hugh Parsons (C) 1,591  
David Adams (Green) 528  
LD Hold  
Swing: 3.83% C to LD Poll: 79.87%

MORAY (53,255)

20,299  
Mrs Margaret Ewing (SNP) 17,465  
Ma Roma Hosack (C) 1,745  
Brisley Sheridan (LD) 2,634  
SNP Hold  
Swing: 0.97% SNP to C Poll: 72.48%

MORCAY & LUNESSDALE (56,428)

Mark Lennon-Boyd (C) 20,299  
Mrs Margaret Ewing (SNP) 17,465  
Ma Roma Hosack (C) 1,745  
Brisley Sheridan (LD) 2,634  
SNP Hold  
Swing: 0.97% SNP to C Poll: 72.48%

MOTHERWELL NORTH (57,290)

27,882  
Dr John Reid (Lab.) 25,778  
David Clark (SNP) 8,942  
Robert Hargrave (C) 5,071  
Mrs Margaret Ewing (SNP) 17,465  
Lab Hold  
Swing: 4.97% Lab to SNP Poll: 78.71%

MOTHERWELL SOUTH (50,042)

21,771  
Dr Jeremy Bray (Lab.) 17,758  
Mrs Margaret Ewing (SNP) 17,465  
Ma Roma Hosack (C) 1,745  
Brisley Sheridan (LD) 2,634  
SNP Hold  
Swing: 3.11% Lab to SNP Poll: 76.17%

NEATH (56,252)

30,905  
Peter Hall (Lab.) 28,778  
Dr David Evans (C) 5,145  
Michael Phillips (LD) 2,467  
Lab Hold  
Poll: 83.87%

NEATH & GOWAN (57,413)

37,386  
Sir John Gifford (C) 12,482  
Mrs Joan Wainwright (LD) 5,082  
Robert Thurston (Lab.) 2,271  
Lab Hold  
Swing: 1.97% C to Lab Poll: 69.58%

NEATH & GOWAN (57,413)

37,386  
Sir John Gifford (C) 12,482  
Mrs Joan Wainwright (LD) 5,082  
Robert Thurston (Lab.) 2,271  
Lab Hold  
Swing: 1.97% C to Lab Poll: 69.58%

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Lab Hold  
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Lab Hold  
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Lab Hold  
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Lab Hold  
Swing: 1.97% C to Lab Poll: 69.58%

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37,386  
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Mrs Joan Wainwright (LD) 5,082  
Robert Thurston (Lab.) 2,271  
Lab Hold  
Swing: 1.97% C to Lab Poll: 69.58%

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Mrs Joan Wainwright (LD) 5,082  
Robert Thurston (Lab.) 2,271  
Lab Hold  
Swing: 1.97% C to Lab Poll: 69.58%

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37,386  
Sir John Gifford (C) 12,482  
Mrs Joan Wainwright (LD) 5,082  
Robert Thurston (Lab.) 2,271  
Lab Hold  
Swing: 1.97% C to Lab Poll: 69.58%

NEATH & GOWAN (57,413)



## ELECTION 1992: RESULTS

**S** **SOUTH HULL (77,203)**  
John Taylor (Lab) 38,385  
Michael Southcombe (LD) 13,238  
Clifford Harde (Green) 10,544  
C Hold 1,629  
Swing: 1.37% LD to C  
Poll: 51.51%

**SOMERTON & FROME (71,259)**  
Mark Robinson (C) 20,022  
David Heath (LD) 23,711  
Bob Hafford (Lab) 9,154  
Ms Leona Graham (Green) 5,388  
C Hold 1,388  
Swing: 0.05% C to LD  
Poll: 52.75%

**SOUTH HAMS (53,081)**  
Anthony Stan (C) 35,051  
Vaughan Evans (LD) 22,342  
Ms Eleanor Cohen (Lab) 8,081  
Christopher Timmons (Green) 846  
Mrs Linda Sumner (NLP) 747  
C Hold 1,371  
Swing: 0.45% C to LD  
Poll: 51.09%

**SOUTH RIBLE (78,173)**  
Robert Alding (C) 30,828  
Michael Gifford (Lab) 24,855  
Simon Jones (LD) 11,939  
Dr Ronald Decker (NLP) 5,344  
Lab Hold 1,947  
Swing: 0.07% C to Lab  
Poll: 70.73%

**SOUTHAMPTON, ITCHEN (72,104)**  
John Denham (Lab) 34,402  
Christopher Chope (C) 27,221  
James Hodgson (LD) 10,557  
Lab Gain from C 1,557  
Swing: 5.59% C to Lab  
Poll: 75.53%

**SOUTHAMPTON, TEST (73,892)**  
James Hill (C) 24,504  
Alan Whitehead (Lab) 23,919  
Ms Diana Maddock (LD) 10,557  
Jonathan Michaelis (Green) 1,011  
David Plummer (NLP) 101  
C Hold 1,585  
Swing: 5.64% C to Lab  
Poll: 77.40%

**SOUTHEAST (58,708)**  
Sir Terry Taylor (Lab) 24,501  
Graham Bramley (Lab) 11,480  
Ms Jackie Horne (LD) 6,107  
Brian Lynch (Lab) 5,972  
C Hold 1,572  
Swing: 4.43% C to Lab  
Poll: 73.80%

**SOUTHWEST (64,198)**  
Paul Channon (C) 27,319  
Ms Nina Simmon (LD) 15,417  
Geoffrey Viner (Lab) 6,135  
Alan Farmer (LD) 4,955  
Chris Keane (Green) 451  
Peter Westbury (NLP) 127  
C Hold 1,572  
Swing: 3.75% LD to C  
Poll: 77.50%

**SOUTHPORT (71,432)**  
Matthew Banks (C) 26,081  
Ronnie Fearn (LD) 23,018  
James King (Lab) 5,537  
John Walker (LD) 4,955  
Geoffrey Clements (NLP) 159  
C Gain from Lab 1,383  
Poll: 77.60%

**SPELTHORNE (63,343)**  
David Wilshire (C) 32,827  
Ms Ann Leatham (Lab) 12,784  
Roger Roberts (LD) 9,800  
Ms Julia Wainwright (Green) 1,671  
Dava Rose (NLP) 338  
David Ellis (NLP) 132  
C Hold 1,585  
Swing: 3.66% C to Lab  
Poll: 60.35%

**ST ALBANS (74,196)**  
Paul Hiley (C) 32,709  
Ms Monica Howes (LD) 18,205  
Kerry Pollard (Lab) 10,557  
Craig Simmons (Green) 734  
David Lucas (NLP) 161  
C Hold 1,604  
Swing: 4.24% LD to C  
Poll: 63.47%

**ST HELENS NORTH (71,251)**  
John Evans (Lab) 31,830  
Brendan Anderson (C) 15,895  
John Belme (LD) 7,224  
Ms Anne Lynch (NLP) 287  
Lab Hold 1,947  
Swing: 1.53% C to Lab  
Poll: 77.35%

**ST HELENS SOUTH (57,057)**  
Gerald Bermingham (Lab) 30,391  
Mrs Patricia Buzzard (C) 12,182  
Brian Spencer (LD) 6,023  
Dr Harriet Jump (NLP) 523  
Lab Hold 1,609  
Swing: 4.34% C to Lab  
Poll: 73.77%

**ST IVES (71,132)**  
David Harris (C) 24,328  
Andrew George (LD) 22,421  
Stephen Warren (Lab) 13,447  
Dr Graham Stephens (Lab) 577  
C Hold 1,845  
Swing: 5.81% C to LD  
Poll: 60.25%

**STAFFORD (74,853)**  
Bill Cash (C) 30,676  
David Gifford (Lab) 19,976  
Mrs Jamie Calder (LD) 10,702  
Christopher Post (NLP) 1,178  
Philip Lines (NLP) 101  
C Hold 1,900  
Swing: 5.28% C to Lab  
Poll: 69.37%

**STAFFORDSHIRE MID (73,414)**  
Michael Fabricius (C) 31,227  
Mrs Sylvia Hall (Lab) 14,934  
Mrs Stamp (LD) 6,432  
Ms Dinah Gice (NLP) 229  
C Gain from Lab 1,383  
Poll: 65.65%

**STAFFORDSHIRE MOORLANDS (75,058)**  
David Knox (C) 29,240  
John Biddleley (Lab) 21,495  
Ms Christine Jones (LD) 9,328  
Michael Howson (Anti Fed) 2,121  
Paul Davies (NLP) 1,710  
C Hold 1,710  
Swing: 5.77% C to Lab  
Poll: 63.66%

**STAFFORDSHIRE SOUTH (62,738)**  
Patrick Cormack (C) 40,286  
George Wille (Lab) 17,833  
Ian Butler (LD) 5,584  
C Hold 1,223  
Swing: 4.14% C to Lab  
Poll: 61.54%

**STAFFORDSHIRE SOUTH EAST (70,199)**  
David Lightbown (C) 29,189  
Brian Jenkins (Lab) 21,988  
Gilbert Pennington (LD) 5,540  
Miss Jill Taylor (Soc Dem) 895  
Miss Jill Taylor (Soc Dem) 895  
C Hold 1,732  
Swing: 4.31% C to Lab  
Poll: 62.05%

**STALYBRIDGE & HYDE (58,189)**  
Tom Penderly (Lab) 26,207  
Simon Mori (C) 17,378  
Ian Kirk (LD) 7,470  
Peter Power (Lab) 1,199  
Darrin Poyser (NLP) 337  
Edward Blomfield (NLP) 233  
C Hold 1,531  
Swing: 3.20% C to Lab  
Poll: 73.46%

**STAMFORD & SPALDING (75,153)**  
Quentin Davies (C) 35,965  
Chris Burke (Lab) 13,095  
Mr Lee (LD) 11,282  
C Hold 1,629  
Swing: 3.23% C to Lab  
Poll: 51.16%

**STEVENAGE (70,233)**  
Timothy Wood (C) 26,052  
Ms Judith Church (Lab) 21,784  
Andrew Rolly (LD) 9,595  
David Colclough (NLP) 233  
C Hold 1,629  
Swing: 4.15% C to Lab  
Poll: 63.03%

**STIRLING (58,288)**  
Michael Forsyth (C) 19,174  
Ms Kate Phillips (Lab) 18,471  
Gerry Fisher (SNP) 4,538  
White Roberson (LD) 3,337  
Bill Thomson (Green) 342  
Ms Jean Smith (Lab) 2,103  
C Hold 1,629  
Swing: 0.13% C to Lab  
Poll: 52.29%

**STOCKPORT (68,068)**  
Ms Ann Coffey (Lab) 21,098  
Tony Pavey (C) 20,674  
Ms Anne Corrie (LD) 4,539  
Ms Judith Fildes (Green) 436  
David Sanders (NLP) 233  
Lab Gain from C 1,422  
Swing: 4.58% C to Lab  
Poll: 52.27%

**STOCKPORT NORTH (68,481)**  
Frank Cook (Lab) 27,818  
Stephen Jones (LD) 17,444  
Ms Suzanne Fletcher (LD) 7,454  
Ken McGarvey (Lab) 550  
Lab Hold 1,074  
Swing: 1.59% C to Lab  
Poll: 75.51%

**STOCKPORT SOUTH (75,959)**  
Tim Davlin (C) 28,418  
John Scott (Lab) 25,048  
Ms Roy Kirkham (LD) 9,410  
C Hold 1,629  
Swing: 0.00% Lab to C  
Poll: 52.77%

**STOKE-ON-TRENT CENTRAL (65,527)**  
Mark Fisher (Lab) 25,897  
Nicolas Gibb (C) 22,477  
Fred Jones (LD) 5,370  
Nicholas Pullen (NLP) 188  
Lab Hold 1,585  
Swing: 4.26% C to Lab  
Poll: 63.12%

**STOKE-ON-TRENT NORTH (74,141)**  
Ms Joan Watley (Lab) 30,454  
Laurence Harris (C) 15,887  
John Redfern (LD) 7,187  
Alan Morrison (NLP) 327  
Lab Hold 1,585  
Swing: 5.88% C to Lab  
Poll: 73.42%

**STOKE-ON-TRENT SOUTH (71,518)**  
George Stevenson (Lab) 26,380  
Roger Ibb (C) 19,471  
Lab Hold 1,585  
Swing: 3.04% C to Lab  
Poll: 73.34%

**SWINDON (60,667)**  
Simon Coombe (C) 31,749  
John Taylor (Lab) 26,023  
Simon Gordon (LD) 11,737  
Bill Hughes (Green) 647  
Roy Gilard (NLP) 78  
Vince Farrer (NLP) 78  
C Hold 1,629  
Swing: 1.70% C to Lab  
Poll: 61.48%

**TATTON (71,083)**  
Neil Hamilton (C) 31,628  
Jonathan Kelly (Lab) 26,023  
Ms Cathy Hancock (LD) 6,987  
Michael Gibson (PP) 410  
C Hold 1,629  
Swing: 2.54% C to Lab  
Poll: 60.85%

**TAUNTON (70,036)**  
David Nicholson (C) 29,576  
Ms Jackie Ballard (Lab) 25,340  
Ms Jean Hole (LD) 11,828  
Philip Leaver (NLP) 272  
C Hold 1,629  
Swing: 8.21% C to LD  
Poll: 62.32%

**TAUNTON SOUTH (55,989)**  
Bill Walker (C) 26,283  
John Swinney (SNP) 26,283  
Simon Horner (LD) 3,791  
Stuart Maclean (Lab) 3,084  
C Hold 1,629  
Swing: 1.62% C to SNP  
Poll: 77.64%

**TEIGNBRIDGE (74,822)**  
Patrick Nicholls (C) 31,272  
Richard Younger-Rose (LD) 22,416  
Robert Kennedy (Lab) 11,828  
Alan Hope (NLP) 437  
Nicholas Hayes (NLP) 234  
C Hold 1,629  
Swing: 1.34% C to LD  
Poll: 63.49%

**THANET NORTH (70,078)**  
Roger Gale (C) 30,867  
Alan Brennan (Lab) 12,657  
Ms Joanna Phillips (LD) 9,800  
Ms Rachel Dewe (Green) 673  
C Hold 1,629  
Swing: 3.81% C to Lab  
Poll: 76.02%

**THANET SOUTH (62,441)**  
Jonathan Aitken (C) 26,283  
Mark James (Lab) 23,740  
Bill Pitt (LD) 9,848  
Ms Sue Peckham (Green) 871  
C Hold 1,629  
Swing: 4.91% C to Lab  
Poll: 78.17%

**THURROCK (65,171)**  
Andrew MacKinnon (Lab) 24,791  
Tim Janman (C) 23,619  
Alan Barton (LD) 11,828  
Charles Rogers (NLP) 391  
Peter Combes (Anti Fed) 117  
Lab Gain from C 1,422  
Swing: 1.80% C to Lab  
Poll: 78.15%

**TIVERTON (71,224)**  
Mrs Angela Browning (C) 30,376  
David Cox (LD) 19,287  
Susan Gibb (Lab) 9,595  
David Morish (Lab) 523  
Phil Foggitt (Green) 1,007  
Brendan Rhodes (NLP) 1,007  
C Hold 1,629  
Swing: 0.88% LD to C  
Poll: 62.36%

**TONBRIDGE & MALLING (77,282)**  
Sir John Stanley (C) 36,542  
Paul Roberts (LD) 14,984  
Ms Margaret O'Neill (Lab) 11,828  
Jim Tidy (Green) 612  
Mrs Janet Hovarth (NLP) 221  
C Hold 1,629  
Swing: 3.11% LD to C  
Poll: 62.69%

**TOOTING (68,206)**  
Tom Cox (Lab) 24,601  
Martin Winters (C) 20,494  
Bob Bunke (LD) 9,800  
Ms Carmel Martin (Lab) 576  
Paul Owens (Green) 884  
John Lennon (LD) 5,544  
Michael Whitelaw (C) 523  
Lab Hold 1,407  
Swing: 2.58% C to Lab  
Poll: 74.79%

**TORFARN (75,171)**  
Rupert Allason (C) 28,824  
Brian Sanders (LD) 22,827  
Peter Truscott (Lab) 5,503  
Bob Jones (NLP) 288  
Ms Alison Thomas (NLP) 157  
C Hold 1,629  
Swing: 3.16% C to LD  
Poll: 60.53%

**TORFARN (75,171)**  
Paul Murphy (Lab) 30,332  
Mark Watkins (C) 9,800  
Melcolm Hewson (LD) 6,178  
Dr John Cox (Green/PP) 1,590  
Lab Hold 1,407  
Swing: 2.09% C to Lab  
Poll: 77.47%

**TOTTENHAM (68,219)**  
Bernie Grant (Lab) 25,309  
Andrew Charns (LD) 13,441  
Alex L'Estrange (LD) 5,120  
Peter Budge (Green) 953  
David Gifford (NLP) 1,007  
Lab Hold 1,188  
Swing: 9.23% C to Lab  
Poll: 66.00%



Gerry Malone, Tory MP for Winchester, is one of 16 former MPs who have fought their way back to the house - nine Tory, three Labour and one Liberal Democrat

**SUTTON & CHEAM (60,549)**  
Lady Olga Maitland (C) 27,710  
Paul Burnell (LD) 18,984  
Lloyd Beal (C) 9,778  
Mrs Christine Cress (SNP) 5,244  
Alan Dunton (Lab) 5,220  
John Hain (LD) 177  
LD Hold 1,629  
Swing: 0.06% LD to C  
Poll: 78.04%

**TWEEDEDALE, ETRICK, LAUDERDALE (58,483)**  
Robert Jackson (C) 30,575  
David Heathcoat-Amory (C) 26,620  
Humphrey Temperley (LD) 21,371  
John Piggott (Lab) 5,128  
Mike Fenner (Green) 1,042  
C Hold 1,629  
Swing: 2.84% LD to C  
Poll: 62.69%

**WARLEY EAST (51,717)**  
Andrew Faulds (Lab) 19,881  
Ray Lyle (Lab) 19,881  
Alan Harrod (LD) 4,547  
Alan Groucott (NLP) 561  
Lab Hold 1,629  
Swing: 3.28% C to Lab  
Poll: 71.72%

**WARLEY WEST (57,184)**  
John Sparrow (Lab) 21,385  
Mrs Sarah Whitehouse (C) 15,914  
Ms Elaine Todd (LD) 4,545  
Lab Hold 1,629  
Swing: 0.21% Lab to C  
Poll: 73.90%

**WARRINGTON NORTH (75,548)**  
Doug Hoyle (Lab) 33,019  
John Sparrow (Lab) 21,385  
Mrs Sarah Whitehouse (C) 15,914  
Ms Elaine Todd (LD) 4,545  
Lab Hold 1,629  
Swing: 0.21% Lab to C  
Poll: 73.90%

**WARRINGTON SOUTH (77,654)**  
Mike Hall (Lab) 27,818  
Stephen Jones (LD) 17,444  
Ms Suzanne Fletcher (LD) 7,454  
Ken McGarvey (Lab) 550  
Lab Hold 1,074  
Swing: 1.59% C to Lab  
Poll: 75.51%

**WARWICK & LEAMINGTON (71,259)**  
David Dudley Smith (C) 28,092  
Matthew Taylor (Lab) 19,158  
Ms Sarah Road (LD) 9,845  
Ms Janet Ayns (Green) 523  
James Brewster (NLP) 156  
C Hold 1,629  
Swing: 5.42% C to Lab  
Poll: 61.54%

**WARWICK NORTH (71,472)**  
Mike O'Brien (Lab) 27,899  
Frances Maude (C) 26,145  
Noel Mitchell (LD) 5,127  
Lab Gain from C 1,422  
Swing: 3.72% C to Lab  
Poll: 62.82%

**WATFORD (72,281)**  
Tristan Garai-Jones (C) 29,072  
Michael Jackson (Lab) 19,482  
Mark Cates (LD) 10,251  
Jeremy Hywel-Davies (Green) 565  
Leslie Davis (Anti Fed) 137  
C Hold 1,629  
Swing: 2.18% C to Lab  
Poll: 62.34%

**WAVENEY (64,181)**  
David Porter (C) 33,174  
Michael Skidmore (SNP) 16,332  
Steve Bilcliffe (Lab) 5,579  
Iain Guy-Moore (Green) 1,002  
Dr Roger Graham (NLP) 182  
C Hold 1,629  
Swing: 1.02% C to LD  
Poll: 60.83%

**WELLINGBOROUGH (73,575)**  
Peter Fry (C) 32,302  
Philip Sawford (Lab) 20,486  
Ms Julie Trevor (LD) 7,712  
Lab Hold 1,629  
Swing: 3.01% C to Lab  
Poll: 61.89%

**WELLS (68,833)**  
David Heathcoat-Amory (C) 26,620  
Humphrey Temperley (LD) 21,371  
John Piggott (Lab) 5,128  
Mike Fenner (Green) 1,042  
C Hold 1,629  
Swing: 2.23% C to LD  
Poll: 62.71%

**WELWYN HATFIELD (72,148)**  
Peter Hardy (Lab) 32,309  
Ray Lyle (Lab) 19,881  
Ms Christine Porderick (LD) 4,545  
Lab Hold 1,629  
Swing: 1.68% C to Lab  
Poll: 74.03%

**WENTWORTH (64,914)**  
Peter Hardy (Lab) 32,309  
Ray Lyle (Lab) 19,881  
Ms Christine Porderick (LD) 4,545  
Lab Hold 1,629  
Swing: 1.68% C to Lab  
Poll: 74.03%

**WEST BROMWICH EAST (58,946)**  
Peter Hardy (Lab) 32,309  
Ray Lyle (Lab) 19,881  
Ms Christine Porderick (LD) 4,545  
Lab Hold 1,629  
Swing: 1.68% C to Lab  
Poll: 74.03%

**WEST BROMWICH WEST (57,555)**  
Desmond Swayne (C) 14,421  
Miss Sarah Broadbent (LD) 13,925  
Lab Hold 1,629  
Swing: 2.96% C to Lab  
Poll: 70.41%

**WESTBURY (67,255)**  
David Facer (C) 36,588  
Ms Vivienne Rayner (LD) 23,962  
Matthew Taylor (Lab) 19,158  
Patrick French (Green) 888  
C Hold 1,629  
Swing: 1.09% LD to C  
Poll: 62.99%

**WESTERN ISLES (22,784)**  
Calum Macdonald (Lab) 7,884  
Ms Frances MacFarlane (SNP) 5,811  
Bob Heany (C) 1,382  
Neil Nicholson (LD) 562  
Andrew Price (NLP) 491  
Lab Hold 1,629  
Swing: 1.78% Lab to SNP  
Poll: 70.35%

**WESTMINSTER NORTH (58,847)**  
Sir John Wheeler (C) 21,828  
Ms Jennifer Edwards (Lab) 18,095  
Justin Wigoder (LD) 5,842  
Amelia Burke (Green) 1,017  
Jonathan Hinde (NLP) 159  
Michael Kelly (Anti Fed) 137  
C Hold 1,629  
Swing: 0.26% Lab to C  
Poll: 75.75%

**WESTON-SUPER-MARE (78,638)**  
Jerry Wiggins (C) 30,022  
Philip Bradburn (C) 12,875  
David Murray (LD) 13,086  
Colin Hallmark (Lab) 1,237  
C Hold 1,629  
Swing: 5.25% C to Lab  
Poll: 78.26%



Lady Olga Maitland in Sutton & Cheam continues family tradition by becoming a Tory MP. The father of Bernard Jenkin, member for Colchester North, was also an MP

**WANTAGE (68,232)**  
Robert Jackson (C) 30,575  
David Heathcoat-Amory (C) 26,620  
Humphrey Temperley (LD) 21,371  
John Piggott (Lab) 5,128  
Mike Fenner (Green) 1,042  
C Hold 1,629  
Swing: 2.84% LD to C  
Poll: 62.69%

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Swing: 3.28% C to Lab  
Poll: 71.72%

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Swing: 0.21% Lab to C  
Poll: 73.90%

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Mrs Sarah Whitehouse (C) 15,914  
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Swing: 0.21% Lab to C  
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Ms Suzanne Fletcher (LD) 7,454  
Ken McGarvey (Lab) 550  
Lab Hold 1,074  
Swing: 1.59% C to Lab  
Poll: 75.51%

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Ms Sarah Road (LD) 9,845  
Ms Janet Ayns (Green) 523  
James Brewster (NLP) 156  
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Noel Mitchell (LD) 5,127  
Lab Gain from C 1,422  
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Poll: 62.82%

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Mark Cates (LD) 10,251  
Jeremy Hywel-Davies (Green) 565  
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C Hold 1,629  
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**WAVENEY (64,181)**  
David Porter (C) 33,174  
Michael Skidmore (SNP) 16,332  
Steve Bilcliffe (Lab) 5,579  
Iain Guy-Moore (Green) 1,002  
Dr Roger Graham (NLP) 182  
C Hold 1,629  
Swing: 1.02% C to LD  
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Philip Sawford (Lab) 20,486  
Ms Julie Trevor (LD) 7,712  
Lab Hold 1,629  
Swing: 3.01% C to Lab  
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David Heathcoat-Amory (C) 26,620  
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Mike Fenner (Green) 1,042  
C Hold 1,629  
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Lab Hold 1,629  
Swing: 1.68% C to Lab  
Poll: 74.03%

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Ray Lyle (Lab) 19,881  
Ms Christine Porderick (LD) 4,545  
Lab Hold 1,629  
Swing: 1.68% C to Lab  
Poll: 74.03%

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Ray Lyle (Lab) 19,881  
Ms Christine Porderick (LD) 4,545  
Lab Hold 1,629  
Swing: 1.68% C to Lab  
Poll: 74.03%

**WEST BROMWICH WEST (57,555)**  
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Miss Sarah Broadbent (LD) 13,925  
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Swing: 2.96% C to Lab  
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Ms Vivienne Rayner (LD) 23,962  
Matthew Taylor (Lab) 19,158  
Patrick French (Green) 888  
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Ms Frances MacFarlane (SNP) 5,811  
Bob Heany (C) 1,382  
Neil Nicholson (LD) 562  
Andrew Price (NLP) 491  
Lab Hold 1,629  
Swing: 1.78% Lab to SNP  
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Justin Wigoder (LD) 5,842  
Amelia Burke (Green) 1,017  
Jonathan H



## NEWS: UK

# Inflation rate down to 4% last month

By Peter Marsh, Economics Staff

BRITAIN'S inflation rate fell last month to 4 per cent from 4.1 per cent in February, according to figures released yesterday by the Central Statistical Office.

Behind the change was a relatively large rise between February and March in prices of petrol and certain types of retail goods, in spite of reductions in mortgage-interest payments and the prices of seasonal foods.

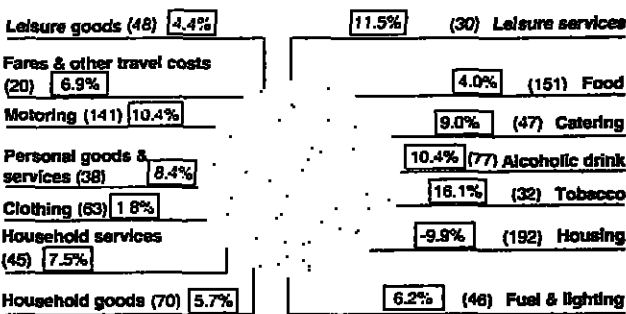
The overall increase in the retail prices index (RPI) between February and March was 0.3 per cent. That pushed the index to 136.7 in March, after 136.3 in February, based on a figure of 100 in January 1987.

The change in the RPI in the year to March was 4 per cent, higher than the 3.8 per cent expected in the City. In the year to February, the RPI rose by 4.1 per cent.

The relatively big month-on-month change may be a sign that extra demands are pushing up prices, an indicator of a hesitant revival in economic activity.

March was the third consecutive month in which the year-on-year rate had failed to show a rise. In December the figure was 4.5 per cent.

## UK inflation rate



# Financial services report optimism

By David Barchard

OPTIMISM is increasing in Britain's financial services sector although business volumes are still falling, according to a survey of business prospects among 361 companies by the Confederation of British Industry and Coopers & Lybrand Deloitte, the accountancy firm.

Against that, banks, which comprise the single largest financial services industry, were more pessimistic than in the last quarter of last year.

The survey, carried out between February 27 and March 18 and published yesterday, shows that 31 per cent of financial institutions expect their business volumes to rise in the present quarter, compared with 17 per cent expecting a decline.

The strongest signs of optimism came from venture capitalists, fund managers and building societies.

Although business volumes are still falling, companies surveyed report that their overall profitability is improving for the first time for two years.

Insurance brokers and fund managers experienced the highest increases in profitability, but falls in profitability were reported by the banks, venture capitalists and life assurance companies.

"Rising profitability is being helped by the rise in the value of fee, commission, or premium income received and a marked reduction in operating costs," the report says. In spite of the

drop in business volumes, almost all types of financial services companies are managing to bring down their operating costs. The only exceptions recorded in the survey are insurance brokers.

Building societies and general insurance companies say they expect a further reduction in their costs over the next three months.

At the time of the survey, though, the financial services sector appeared uncertain about future investment decisions. Although investment in information technology looks likely to continue to grow over the next 12 months, most companies reported cuts in investment in land and building.

Although the banks surveyed are more pessimistic than other types of institution, with 30 per cent reporting reduced optimism, the report says there are signs that the decline in business confidence among the banks is slowing.

Banks say the volume of business they are handling declined in the first quarter of the year for the seventh successive quarter.

They are not expecting business volumes to change in the present quarter, and three quarters of the banks in the survey say low demand is likely to limit business growth in the year ahead.

*Financial Services Survey, March 1992. CBI Economic Trends Department, 109 New Oxford Street, London WC1A 1DU. £195 to non-CBI members.*

# Names to step up demands for redress

NAMES IN dispute with their agents and the Lloyd's authorities over insurance losses have decided to form a working party to co-ordinate their activities, Richard Lapper writes. They intend to press more energetically for a negotiated solution to their difficulties.

Mr Peter Nutting, who will chair the new group, said: "The working party wishes to help Lloyd's to find a solution to the problems that face both Lloyd's and its Names."

Mr David Bermann, deputy chairman, commented: "If all that policyholders hear about Lloyd's is litigation, it will damage Lloyd's very seriously." He added: "We have got to find ways to cut the gordian knot."

## Steel output up 2.7% on year

UK STEEL output last month was 2.7 per cent higher than in March last year, British Steel reported yesterday. It added that signs of an overall recovery nevertheless remained muted.

The rise was caused largely by the need to boost stocks in anticipation of a scheduled six-month rebuilding of one of the main blast furnaces at British Steel's plant at Port Talbot in south Wales.

Output averaged 334,700 tonnes a week in March, 2.6 per cent down on February. Production in the first three months of this year averaged 335,900 tonnes a week, 4 per cent higher than the 313,500 tonnes recorded in the first quarter of last year.

## Brel wins £140m order

BRITISH RAIL confirmed yesterday that a £140m order for 47 four-car Networker trains for its Network SouthEast division would go to Brel, Britain's biggest trainmaker, thereby helping to safeguard 1,500 jobs in York.

The order had long been backed by lack of funds, but the government announced during the election campaign that it was allowing BR to go ahead with the order.

## Investment by Kuwait bank

UNITED BANK of Kuwait has raised £15m for a new fund to invest in UK commercial property. The bank said it expected to launch more funds to cater for the strong interest being shown by Kuwaiti investors in the UK property market.

The fund, called the UK Opportunity Fund, will buy properties ranging in size from £500,000 to £2m. It will concentrate on tenanted buildings in the regions rather than in central London.

## Men hurt in oil platform blast

AT LEAST four men were injured in a gas explosion yesterday on board the Claymore oil production platform 80 miles north-east of Aberdeen.

An official of Elf Enterprise, which owns the platform, said none of the injuries was serious.

The company said "a minor emergency" was declared after a small explosion damaged the exhaust system on one of the platform's compressors.

## Chatline action

FORMER telephone chatline operators are to be sued in an attempt to make good a £21m shortfall in the fund to compensate people facing substantial bills because of abuse of the services by others.

# Failure of Continental may affect FCs

By Richard Lapper

THE LIQUIDATION last month of a small insurance company may leave a number of professional football clubs with financial difficulties.

Continental Insurance, which went into liquidation on March 27, sold specialised contingency insurance - known as "prize indemnity" - which protects clubs against costs incurred as a result of promotion to higher divisions.

A number of clubs are understood to have entered into contractual obligations that they

may not now be able to meet. Some may be also short of funds for ground modernisation that they must carry out before participating in higher divisions.

In 1990 the government accepted the terms of the Taylor Report into safety at football grounds and insisted that first-division and second-division clubs should have all-seater stadiums by 1994, while third and fourth-division clubs should introduce similar facilities by 1998.

Many clubs, especially those in the lower divisions of the

English football league, are already labouring under considerable handicaps. Aldershot FC went into liquidation last month, while a number of other clubs have decided to adopt semi-professional status.

Continental's total shortfall amounted to £810,000, according to a statement of affairs signed by directors on 20 February. The deficiency takes into account a reserve for unexpired premiums of £1.38m, and means that liquidators may not be able to meet claims.

In a report to creditors, joint

liquidators Mr David Buchler of Buchler Phillips, and Mr Chris Hughes of Cork Gully, say that losses from the prize indemnity and high-risk travel contingency policies have been particularly troublesome for the company, which also specialised in high-risk personal accident coverage.

Accounts for last year are not yet available, but in 1990 Continental reported pre-tax losses of £1.3m on premium income of £3.8m, compared with claims and expenses of £5.1m. Total underwriting losses in 1990 amounted to

£1.7m, and last year reached £1.18m.

In addition, loans of about £2m made by Continental to its parent company, Yorkdale, have proved to be irrecoverable, according to Cork Gully.

Continental was sold to Yorkdale Holdings in 1986 by the Insurance Company of North America.

Continental is understood to be one of a number of companies that underwrote a £20m personal-accident policy for Robert Maxwell. No payment has yet been made under the policy.

# Banks and big stores get wild about cards

David Barchard finds that electronic transactions have aroused anger about their cost

## Transaction costs: debit cards and cheques

SQUABBLES between banks and the large retail chains about the pricing of transactions made with credit and debit cards have become almost a way of life in the past few years.

Each side sees itself as the underdog in the dispute. The retailers say they are being forced to pay excessive charges while struggling to get out of the recession. The banks see themselves as the victims of a media witch-hunt which ignores the fact that they set up the payment systems used by the retailers and that they still pay for most fraud losses on card payments.

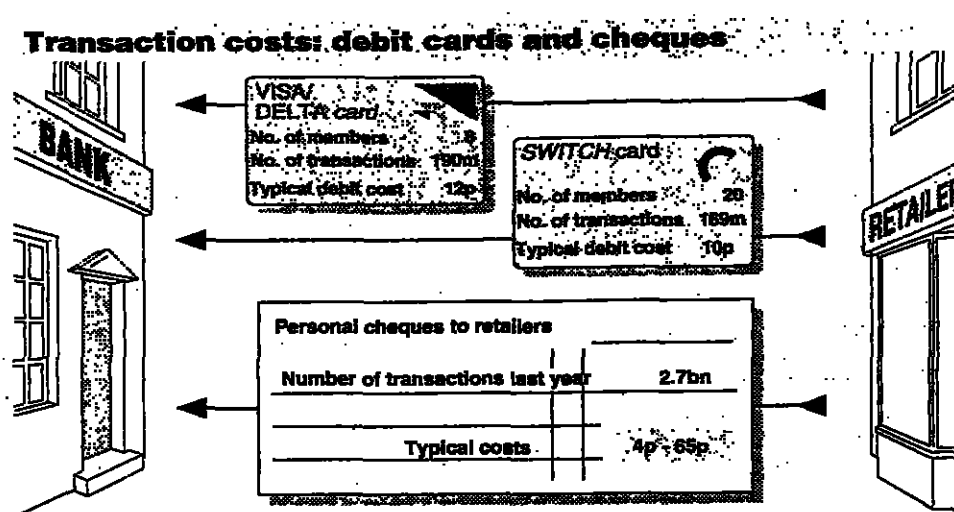
So Mr David Malpas, managing director of Tesco, provoked cries of anger and pain from the banks when he pointed out this week that his company is being asked to pay substantially more when a customer pays by debit card than for a cheque payment.

Mr Malpas's threat that the retailers might press for a further 10 per cent reduction in the Commission inquiry into plastic card payments has cut no ice with the banks.

Mr David Mills, direct banking director at Midland Bank, said yesterday: "There have been two MMC investigations into credit cards in little more than a decade and the banks emerged completely clean from them."

Midland, Tesco's banker, refused to be drawn further on Mr Malpas's remarks about pricing. Nevertheless, it is Midland's pricing policy for Switch, the electronic debit card launched in 1983 by National Westminster, Midland and Royal Bank of Scotland, that is at the heart of the row with the retailers.

Last year there were 169m Switch transactions in the UK



and the scheme now has 20 member banks and building societies in place of the original three. Other payments through the rival Visa Delta scheme brought the UK total for debit cards to 390m.

That is still a small number compared with the 2.7m plastic card payments made by cheque last year, but it is rising rapidly. By 1995 there are expected to be about 750m Switch payments a year, bringing the goal of substituting electronic payments for cheques very much closer.

By the year 2000, when Switch is expected to be processing 1.5bn transactions a year, that goal may have been reached. The trouble is that although Switch is growing fast, it has also until very recently been losing money for the banks that set it up.

Mr David Jessop, Midland Bank money transmission director, says: "Switch was a completely new mechanism, and we sustained losses on it for three years even though it

has been held at constant prices."

Midland's partners among the other Switch banks privately accuse it of offering Switch at unrealistically low prices when the scheme was launched in its attempt to gain market share. The price each retailer pays for cheque or debit card processing is negotiated separately. Small businesses pay most, while the large retail chains can drive bargains in which prices are pared to the minimum.

Midland charged its largest customers such as Tesco a flat rate of between 4p and 5p a transaction. By contrast, Lloyds, which never pursued card services for the larger retailers but went mainly after middle-sized companies, is believed to charge a flat rate of between 20p and 30p.

That perhaps helps to explain why this week Lloyds stood aside from the latest row with the retailers, contenting

itself with a statement that since its pricing had never been unrealistic, it had not been forced to raise its card charges to retailers.

Visa debit card issuers charge higher debit card fees than the Switch consortium banks, mainly because although Visa debit cards are also intended to be mainly used in electronic terminals - they can be also used with the original generation of hand-operated credit card vouchers. That gives the Visa debit card issuers a significant competitive advantage over Switch with smaller retailers.

Even so, Barclays, the largest credit and debit card issuer, has also put up its Connect Visa debit card from an average of 10.5p to 12p. The latest price is still substantially below the 17.5p that Barclays charged when Connect was launched in 1987.

By comparison, the largest retailers are paying only 4p on their cheques.

Even allowing that the very

smallest retailers pay far more than that as much as 63p a cheque, according to Barclays something seems to be wrong.

The introduction of electronic technology was supposed to drive costs down by eliminating paper and the people needed to process it. Why have the banks ended up by charging retailers substantially more for electronic payments? The question is not one that all banks are willing to discuss. Some fear that if details of their policies entered the public domain, they might face a revolt from smaller retailers that would dwarf the troubles they already have with the large supermarkets.

"For the vast majority of retailers, Switch is cheaper than cheques," says Royal Bank of Scotland, one of the founder members of Switch. "The big retailers who have negotiated extremely low charges per cheque are the exception."

All the banks argue that debit cards and electronic payments are far superior to cheques, but their advantages push up their costs.

One is that retailers get immediate payment while the cardholder's account is not debited for two or three days. The bank then has to pay for making the money available during that period.

Another is that the debit cards are more secure than cheques and can be used to purchase unlimited amounts. Most cheque guarantees cards are still limited to £50. A further debit card advantage is that they substantially reduce the time and cost of office work for retailers.

On past form however, nothing except low bank charges is likely to appease the retailers.

# High-tech fibres mimic silk

By Daniel Green

THE FASHION DESIGNERS of the 1990s are returning to nylon and polyester after decades of consumer resistance. Unlike in the 1960s, though, their use is not just a whim of fashion, according to a report from the Economist Intelligence Unit.

High-technology materials once intended for sports and outdoor wear have generated new fashions that are being sold from the catwalk to the high street.

The technology behind the materials is microfibres - polyester or nylon filaments finer than silk. That fineness imparts a luxurious "handle and drape" to machine-wash-

able clothes. Different weaves create a silk or suede touch and fabrics can be made to feel like peach skin or be given a powdery surface.

Mr Paul Smith, a London fashion designer, said yesterday: "The peach-finish micro-fibre was the real breakthrough. Man-made fibres have always had a man-made nastiness about them, but micro-fibres have a fluid touch. They can feel like silk or suede."

The biggest demand for microfibres is in "fashion plus function", where looks are as important as technical performance, according to the report. Microfibre weaves can be made so fine they do not need further treatment to be rainproof and at the same time allow the

wearer to sweat. Microfibres were developed in the 1970s by Japanese chemists seeking a more realistic artificial silk. Japan still leads the field, but new competitors include ICI in the UK and Hoechst in Germany.

"Microfibres are overpriced," Ms Katharine Hamnett, the London fashion designer, conceded. "But they feel absolutely wonderful."

Prices may fall as sales grow. But consumers beware: "micro-fibre" labels are being sewn on to more ordinary high street clothes and the unit warm quality is already a casualty in the race to cash in.

*Textile Outlook March 1992, EIU, 40 Duke Street, London W1A 1GW. £115.*

# US news service expands in Europe

By Raymond Snoddy

CABLE NEWS Network International, the 24-hour US television news service, yesterday expanded its service in the UK and the rest of Europe when it began broadcasting on the Astra satellite system.

Until now the service, based in Atlanta, Georgia, has been available only to owners of

large satellite dishes and subscribers to cable television networks.

The decision to broadcast from Astra, as well as an Intelsat satellite, means that the international news service will be available to an additional 8m homes in Europe equipped with 60cm dishes. That includes more than 2.7m homes in the UK.

The extension of its broadcasting is the latest move by CNN in its strategy to make its service more international. This week the station began co-presenting its live programme, The International Hour, from London. Spanish-language translations of a number of programme segments will be introduced from September.

# Final few Tecs to discuss contracts

By Lisa Wood, Labour Staff

HIGH ON the list of priorities at the Department of Employment next week will be talks with the 16 Training and Enterprise Councils that have not yet negotiated contracts for delivering training schemes in 1992-93.

Tecs generally have been concerned about the level of funding of schemes. One such scheme is Youth Training, which is Employment Training, which is designed for the adult long-term unemployed.

The negotiations next week will be with the 16 that held out for increased funding at a time of government cuts in budgets. The Labour party had promised restoration of cuts. Negotiations were temporarily halted during the election campaign.

Tecs that have not renegotiated contracts with the government have temporarily contracted with providers of training.

North London Tec, which encompasses the boroughs of

Haringey, Enfield and Barnet, said its temporary contracts were resulting in a 19 per cent reduction in the volume of training for the long-term unemployed at a time when their numbers were increasing in its area.

Nine of the 16 are London Tecs. The biggest single issue facing them is underfunding, according to an article by Mr Michael Hanson, chief executive of South Thames Tec.

Writing in a special report of the Policy Studies Institute, Mr Hanson said: "Training in London has been underfunded in the past. No weighting has been given to meet the inevitable costs in the capital. Additional resources will be needed if the Tecs are to fulfil the tasks laid upon them."

The combination of low funding and the particular requirements of the London market, he wrote, had produced a downward spiral of low uptake, poor image and increasing pressure on individual training schemes. "Establishing a more realistic level of funding is crucial."

# Companies urged to include goodwill in balance sheets

By Andrew Jack

COMPANY accounts should include both goodwill and intangible assets on their balance sheets, a paper commissioned by the Accounting Standards Board has recommended. The accounts must also include detailed information on how valuations of the assets have been determined so that observers can assess their reliability, the authors argue.

Intangible assets are the non-physical parts of a business that generate future earnings, such as brand names. Goodwill is defined as the difference between the purchase price of an acquisition and the

value of its tangible assets. Companies have in growing numbers begun including intangible assets on their balance sheets.

Mr David Tweedie, chairman of the Accounting Standards Board, said yesterday that the report was only preliminary and the academics had now been asked to provide a further study examining practical applications of the concepts.

Although his own previously published views appear to reflect much of the content of the paper, Mr Tweedie emphasises that the board has not yet formed a view on the subject. It is expected to produce a discussion document in the

autumn for a standard covering goodwill and possibly intangible assets.

The study, co-ordinated by Mr John Arnold at Manchester University, says goodwill on acquisitions comprises three elements: the fair value of any intangible assets, the present value of benefits arising, and any underpayment or overpayment. The first two should be included on the balance sheet and depreciated, the third written off.

It argues that long-term investments are already treated on the balance sheet in that way, and that intangibles should be included to retain consistency.

# Businesses criticised over lack of income disclosure

By Andrew Jack

FEW COMPANIES disclose enough information about their revenues in annual reports, according to a survey of 50 companies in construction and contracting.

The survey by Company Reporting, the Edinburgh-based monitoring service of accounts, says that only 28 companies in its survey specified how income was spread over the life of a contract. Three provide no information at all.

Revenue recognition policies - which determine over what period particular revenues should be included in the

accounts - vary considerably between companies and sectors.

Revenue may be recognised at widely differing times in different companies' accounts, such as after completion of contracts, invoicing, delivery of goods or receipt of cash. The different policies adopted can have a significant impact on the figures produced in sets of accounts.

In a separate analysis of 34 companies in the business services sector, it finds at least eight with evidence of revenue from long-term contracts, of which three do not show how revenue is accounted for. Auditors are increasingly

persuading their clients to disclose more information on accounting policies that can give a misleading impression that there has been a material change, Company Reporting also warns.

It quotes the example of KPMG Peat Marwick, the accountancy firm, which for the first time last year instructed MacCarthy, the pharmaceutical group, to include a statement that research and development expenditure had been no change in its accounting. *Company Reporting, 68 Dundas St, Edinburgh EH2 2JH. £200 annual subscription.*

# Probe into alleged spare parts fraud

By Kevin Dona, Motor Industry Correspondent

TRADING standards officers in London are investigating a suspected international fraud involving counterfeit Ford parts.

Parts suspected of being fake were seized by police when they raided premises in Haringey, north London. Trading standards officers said no charges had yet been made but a prosecution was being considered.

The department confirmed that consignments of allegedly fake Ford spare parts had been confiscated, and added that there was believed to be a

South American connection in the source of the parts.

Ford said it had experienced difficulties for many years from the importation of counterfeit parts. It added that the main source of such parts had appeared to be Taiwan, but the supply now appeared to be coming from South America and Turkey.

Ford said yesterday: "We lose considerable revenues from the loss of sales of genuine parts. But what is equally worrying is that the customer can suffer. They may be fitting parts that are copies in every respect except in quality - they could be lethal and dangerous."





## TWO NEW WAYS TO OPEN UP A BMW 5 SERIES.

For all those who love driving, BMW offer a long awaited alternative to the estate car. The 5 Series Touring.

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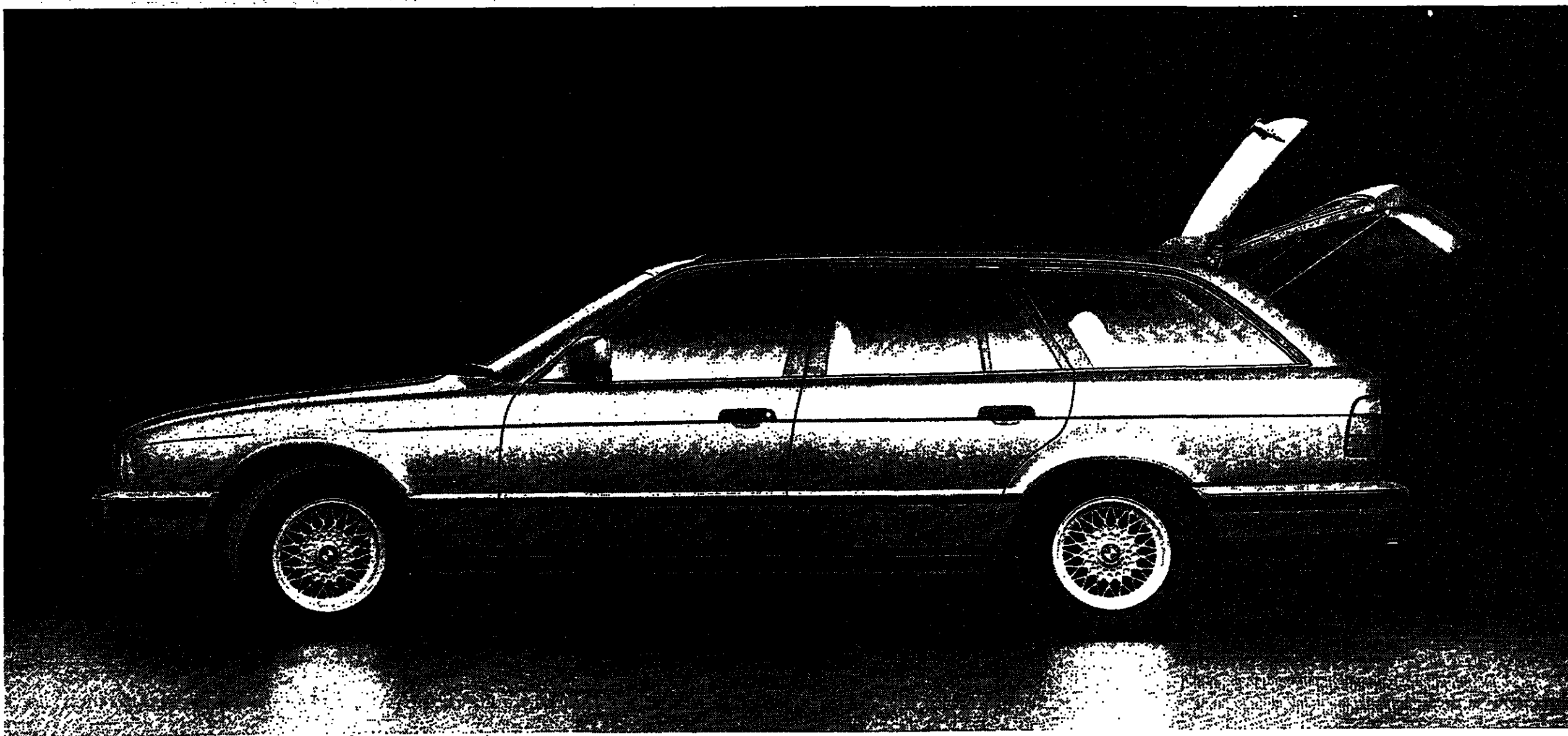
As to the double sunroof: in a country with half as much sun as it should have, it's a measure that's long overdue. You can open the front. Or the back. Or the front and the back. Or tilt the front. And one push of a button will get you back to square one.

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## FINANCIAL TIMES

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Saturday April 11 1992

## Full term at Number 10

THE ELECTION result is an extraordinary personal achievement for Mr John Major. He held his nerve when his campaign faltered and his low-key, matter-of-fact approach proved in the end more impressive to voters than Labour's glitz. Whatever they told the pollsters, people were not prepared to trust Mr Kinnock's new model Labour party with the legacy of Thatcherism, even in a recession.

Mr Major now has the authority and the opportunity to make a distinctive mark at home and on the world stage. It took Mrs Thatcher a whole first term to recover from recession and build a personal team: it was only when she had done this that the great achievements of her second term between 1983 and 1987 became possible.

Mr Major's character-forming battles in the Gulf, at Maastricht and in the domestic economy have been compressed into a shorter period, and have been fought without a personal mandate from the voters. His job now is to translate into much clearer policy terms the vision of a country more at ease with itself, which he proclaimed for a second time yesterday on the pavement of Downing Street.

Mr Major was chosen by his party 16 months ago because he appeared to represent a bridge between the radical insights of Thatcherism and a necessary, less confrontational period of reconstruction, especially in the public services. The Tory manifesto failed to distinguish the main lines of this vision from a cluttered landscape of other areas of local authority provision requires a twin-track approach: decentralisation and contracting out, which the Conservatives have pioneered, and appropriately accountable supervision. The proliferation of quangos, so depressingly unchecked in the manifesto, needs to be resisted and, where it cannot be, appointments should be made from a wide spectrum of society.

### Open mind

The foundation of this policy agenda must be sound public finance and an open mind. In spite of the frolics in the financial markets yesterday, tough circumstances lie ahead for the British economy which will require real strength of purpose in Downing Street. The faltering recovery now under way can be boosted by a swift, if modest, cut in interest rates, since there is no longer a serious political difficulty in putting rates back up again should conditions make that necessary.

But Mr Major's unbreakable commitment to low inflation and the exchange rate mechanism, set alongside continuing pressures in the German economy, mean high real interest rates and rising unemployment are bound to persist. The prime minister now has

enough time to demonstrate that this policy will eventually bring rewards, although it will also mean public spending sacrifices along the way. His chancellor, Mr Norman Lamont, has had a difficult election campaign, but is well qualified to see the task through.

An early political challenge will be the European Community, of which Britain assumes the presidency this summer. With a move towards the right and a series of leadership changes ahead in Community countries, Mr Major is in a good position to play a leading role. He will rightly resist some attempts to increase the powers of the centre, but he must be prepared for deft footwork on foreign policy, defence and some aspects of social policy. In return, Britain can help build an enlarged community characterised by strong internal competition and a commitment to global free trade.

### Own interests

At home, Thursday's results must not be taken as a mandate to put aside all need to rethink the way the country is governed, both at central and local authority level. No one can expect the government to act against its own interests by proposing the kind of electoral reforms which its opponents may now see as the only way back into power. But Mr Major sensibly acknowledged yesterday that he would need to take stock of opinion in Scotland.

Improvement in public services, whether in health, education, training or other areas of local authority provision requires a twin-track approach: decentralisation and contracting out, which the Conservatives have pioneered, and appropriately accountable supervision. The proliferation of quangos, so depressingly unchecked in the manifesto, needs to be resisted and, where it cannot be, appointments should be made from a wide spectrum of society.

It is not necessary to buy proportional representation or wholesale constitutional reform to recognise that restoring the health of local government and its relationship with Whitehall is an essential part of running the country well. Problems like homelessness can only be resolved by effective co-operation between central and local government. Getting this right is at least as important as a lorry load of citizen's charters.

Mr Major is a consensus-minded politician, but if he is to achieve his objectives for society he will need to step beyond his party's prejudices on issues like transport, the environment, urban development and local government. There is a need for the sort of radicalism that stirs up trouble and requires skilful salesmanship. The prime minister should hang on to that soapbox.

Now it is John Major's government. As he stood triumphant in Downing Street yesterday, the youngest prime minister this century repeated the pledge he gave in November 1980 to create a nation at ease with itself. He is assured of five years in office to keep that promise.

This week's mandate from the voters gives Mr Major the authority to shape the Conservative party in his image. His majority at Westminster may be only a fifth of that achieved by Mrs Margaret Thatcher in 1987, but in an election fought in the depths of a recession he secured a share of the popular vote close to the level she won during an economic boom.

The outlook is not trouble-free. Even if, as Mr Major hopes, the election is followed by the return of confidence needed to trigger economic recovery, the legacy of the recession will not be easily brushed aside.

Public borrowing this year looks set to rise above the £28bn announced only a month ago in Mr Norman Lamont's Budget. Unemployment could continue to climb for much of this year. Over the medium-term, economic prospects will depend on how well industry can adjust to the constraints of a fixed exchange rate.

Ministers were claiming publicly yesterday that the gains made by the Conservatives in Scotland underlined the strength of the government's case against devolution. In private they were acknowledging that the pressures north of the border for more self-government can not simply be wished away. During the campaign, the prime minister promised a "great debate" on the future of the Union. It may be harder to deliver it.

But Mr Major now has the authority to govern without worrying about divisions in his party. The team he announces this weekend will be the first that is his own. He will never be in a stronger position to make his own decisions about who should sit at the cabinet table. The signs last night were that it would be a radical shake-up.

Many of the old guard, including Mr Kenneth Baker, the home secretary, and Mr Tom King, the defence secretary, are expected to depart. Mr Michael Heseltine, the author of Mrs Thatcher's downfall, can expect a more prominent role in her successor's government.

Unless a clever device is found to keep him, Mr Chris Patten, defeated in Bath, will not be in the cabinet, even though he did most to articulate Mr Major's prospectus for the 1990s.

But in any event the party chairman's social market conservatism is likely to be at the heart of a programme for the next five years designed to add substance to the change in style and rhetoric seen over the past 16 months.

Mr Major's victory will herald the largest shake-up of Whitehall responsibilities since the early 1970s. The Treasury and the department will both be given greater responsibilities.

A new cabinet-level post will be created to oversee the Citizen's Charter, to take responsibility for reforms of the civil service, and to monitor a new drive to improve Whitehall efficiency and public purchasing.

A second new department will merge the responsibilities - currently split between several ministries - for broadcasting, arts, sports, heritage, tourism and the film industry.

Philip Stephens on the changes of emphasis to be expected in the prime minister's 'classic conservatism' for the 1990s

## From now on, he'll do it his way



Mr Major's new cabinet will be deprived of Chris Patten's talents

Most of the duties of the department of energy will be transferred to trade and industry. Employment will lose charge of tourism and small businesses but gain women's issues.

It is not just the structure of Whitehall which will change. Mr Major's succession to the leadership at the height of his party's civil war over Europe and the poll tax left him with an awkward balancing act. As Mrs Thatcher's chosen successor, he had to keep faith with her revolution.

Until the Maastricht summit in December, there was always a danger that his party at Westminster might yet tear itself apart over Europe. But alongside this defence of his inheritance, the new prime minister had to sketch out a prospectus for a different future to win

back an electorate disenchanted with permanent revolution. It did not always go smoothly. During the campaign, he sometimes looked uncertain as to whether he was addressing audiences packed with his predecessor's disciples or was seeking to reach out to the disenchanted with his brand of more caring conservatism.

Now Mrs Thatcher has left the House of Commons, Mr Major's political authority is unassailable. Some on the right of his party will remain restless over Europe, concerned that his instincts are to spend rather than out taxes. If the economic recovery is long delayed there may be voices questioning sterling's place in the exchange rate mechanism. But such dissent will have little resonance. The Conservatives are committed to Mr Major's

prospects.

Those looking for a decisive break with all that has gone before will be disappointed. But so too will those who believe that Mr Major is a convinced Thatcherite.

The prime minister is a politician guided by his instincts rather than by any ideological certainties. There is no grand design, no over-arching vision for the 1990s. Instead, he believes that his personal grasp of the mood and aspirations of the country can be fitted to the business of government.

People want the choice, opportunity and individual responsibility at the heart of conservatism during the 1990s; but they also want the welfare state to which Mrs Thatcher was never fully reconciled. It was no accident that one of Mr Major's priorities in Downing Street

was to underline that he would remain a trustworthy guardian of a free National Health Service.

The 29,000-word election manifesto with which Mr Major launched his campaign lays out in characteristically painstaking detail the promised continuities with the 1980s and the shift in emphasis for the 1990s.

Mr Major called it "classic conservatism". A senior colleague described it as a prospectus for the post-socialist era; a few seconds later he added that it was one also for a post-Thatcherite world. It is a manifesto as concerned with practicalities as with political philosophy.

The new government will remain faithful to the central economic "truths" of the 1980s. The prime minister believes that the benefits of market economics - of deregulation and liberalisation - have been obscured rather than discredited by the recession. Low taxes, low inflation, enterprise and curbs on trades union power remain the precondition for prosperity.

He is as convinced as anyone of the virtues of privatisation. The franchising of British Rail passenger services is planned as the precursor to an eventual sale. British Coal is to be sold and contracts with the private sector for local authority and Whitehall services are to be accelerated. There are promises too of further deregulation and plans to weaken public and private monopolies.

Mr Major is equally serious about his goal of stable prices. His commitment to the ERM has strengthened rather than weakened since Britain joined two years ago. A move to the narrow bands is promised after the election.

Ownership, another favourite theme of the 1980s, will be just as central to the Conservative agenda for the 1990s. The manifesto promises further tax incentives to encourage savings and another drive to boost home ownership through "rents-into-mortgages" schemes. Inheritance tax will be diluted to ensure that wealth "cascades" down the generations.

Mr Major has made it clear that the new lower rate band of income tax will be the route from a progressive, if gradual, move down to a 20p basic rate of tax.

But there are also distinct changes of emphasis. As one senior colleague put it yesterday, income tax cuts are "an aspiration rather than a firm goal". Mr Major has little time for those on the right who would like to see the top as well as the basic rate reduced.

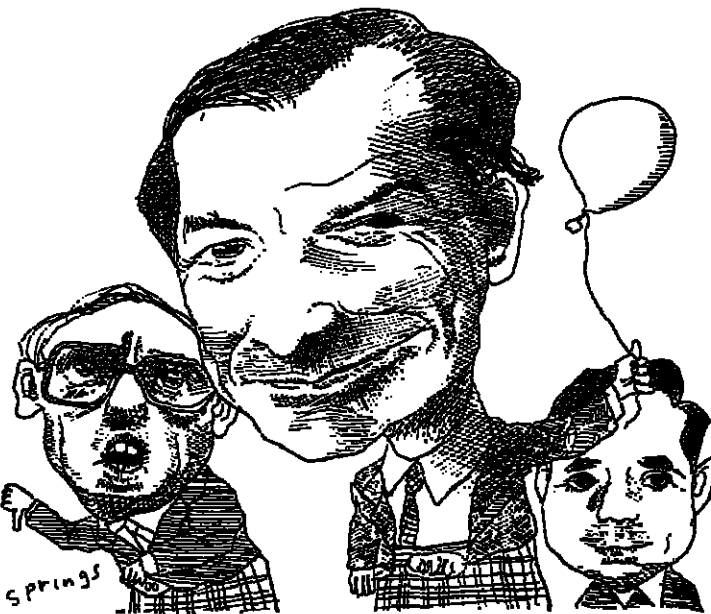
The prime minister stressed repeatedly that the looming explosion in public borrowing next year as a result of the recession will not produce post-election cuts in spending on the welfare state. The next spending round will be tough but Mr Major is a politician who believes that some problems at least can be solved by spending money.

The election victory will be followed by an acceleration in the education and health service reforms started by his predecessor. But the final destination will be different. Mrs Thatcher saw privatisation as the ultimate goal. For Mr Major, the disciplines of the market are designed to strengthen state-run health and education services.

None of this adds up to an ideological "ism". It may be that in five years' time it will be possible to define something called Majorism. But for now, the politician who has journeyed from Bristol's Coldharbour Lane to No 10 Downing Street is promising no more and no less than a government which is responsive as well as radical.

James Buxton looks at a shifting political landscape north of the border

## Breathing space for Scots Tories



tionist, failed to win Edinburgh South. The Tories also failed to take seats that should have been within their grasp such as Edinburgh South which stayed with Labour, and Strathkelvin and Bearsden, on the outskirts of Glasgow, where Labour also won.

What the Scottish Tories have won is a breathing space. The election result may even make it possible to change the line-up of familiar faces at the Scottish Office. "It would have been very difficult for the Tories to bring in English MPs to fill the four Scottish Office ministerial jobs when it was the only way of manning them," says an observer of the Scottish scene. "But now that they have enough MPs to fill them, it could be a lot easier."

New ministerial faces could open the way for Mr Lang and Mr Forsyth to escape what has been called

"that grim cookhouse of government" and move to Whitehall. An expatriate Scot of acceptable Scottish credentials such as Mr John MacGregor, leader of the House of Commons in the last parliament, could become Scottish Secretary.

It might eventually be possible to make some modest change in Scotland's relationship with Westminster which would meet the party's criterion of not "damaging the union", and yet fulfil the aspirations of the Scottish people for some form of self-government.

For the losers, there will be an agonising period of readjustment, made more bitter for Labour and the Liberal Democrats by the dashing of hopes that a Scottish parliament may soon be at hand. For the Scottish National party, Scotland's independence in Europe seems as far away as ever, maybe farther.

Labour and the SNP will be distracted by their own internal difficulties for months. Labour is vulnerable to the accusation of the SNP that it talked Scots out of voting for independence by promising a majority Labour government which would then usher in a Scottish parliament.

In the event it failed at the UK level and its Scottish vote fell three points to 39 per cent. The SNP's share of the vote was 21 per cent, several points below its standing in the opinion polls during the campaign but more than seven points up on 1987.

One faction within the Scottish Labour party covertly favours full independence, rather than a slow process of devolution. Neither of these developments now seems possible and the frustration of some Labour supporters at the election outcome could boil over. Mr Charles Gray, the Labour leader of Strathclyde region, the council, said on election night: "We'll have to live a little dangerously," adding that it "may come to" civil disobedience. Significantly, Mr Alex Salmond, the SNP leader, yesterday refused to rule it out.

One possibility for disaffected Labour MPs is to defect to the SNP. Or they could form a breakaway Labour group along the lines of Scottish Labour Action, created after the 1987 debacle when Labour won 50 seats in Scotland but the Tories formed the UK government. Yesterday, Mr George Galloway, Labour MP for Glasgow Hillhead, called for a "patriotic front of anti-Tory forces". Such a group could co-operate with the Nationalists to strengthen the forces seeking independence, but this would be opposed by the Labour leadership.

For now the SNP's priority is to avenge its failure at the polls by achieving a big vote for the Nationalists and against Labour in the district council elections on May 7. That Mr Andrew Welsh, one of the party's three MPs, said yesterday, is "the only message that London will understand". It did not sound like a message destined to bring the disunited Tory opposition together.

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Welcome to Japan - or is it Italy? Whichever analogy you choose, Britain feels very like a one-party state this morning. Its people have the right to change the government, but it is beginning to look as if 57 per cent of them always remain hopelessly divided, while the other 43 per cent invariably put the same lot in. By the time of the next election, the Conservatives will have been in power for 17 or 18 years. Why should they lose then? On Thursday, they emerged triumphant in the middle of a debilitating recession. They will surely try to time it better on the next occasion.

They should also be technically well placed to win in 1996 or 1997. Changes in constituency boundaries are expected to favour the government to the extent of 10 or more seats. If Scotland is given self-rule - a very big "if" in view of Thursday's results - the price will almost certainly be a reduction in Scottish, and therefore Labour, representation at Westminster.

### British corruption, actual or potential, is not like Japan's or Italy's. It is more a sense of creeping omnipotence

More to the point, Mr John Major, the unseasoned prime minister who surprised everyone except himself by winning, will by then be a mature leader. He will be able to draw upon five or six years of experience, not to mention memories of this year's painful campaign. Painful? He has been almost universally derided

over the past three weeks. Clearly this lack of confidence was misplaced. Under his leadership, soapbox and all, the Tories attracted more than 14m votes, a record in British polling history. He won against tougher opposition than any Mrs Margaret Thatcher faced. If he could pull that off now, in spite of what seemed to many observers to be a sequence of tactical errors, think how well he should do when his apprenticeship is long behind him.

To talk in this way is not to qualify my acknowledgement of Mr Major's achievement. It deserves to be recognised for what it is. He held his nerve against a barrage of criticism and adverse opinion poll results. His unassuming personality won through. His sense of the popular mood was superior to that of all the polls and all the pundits. During the past 21 days, I have written more than once about the possibility of a hung parliament with the Conservatives the largest party. I said that if they won more than 315 seats, Mr Major would stay as prime minister. So did others. Yet during the campaign there were very few who admitted publicly to a belief that the prime minister would win a secure overall majority. He has made monkeys of us all. If this gives him quiet satisfaction, he has earned it.

A reign lasting to 2000 and beyond is another matter. Nobody deserves that. Continuous power can be bad for the character of anyone, including the political parties that hold it. In Japan and Italy it has led to large-scale financial and political corruption. British corruption, actual or potential, is of a different sort. It is not a case of politicians lining their pockets, selling favours, or peddling preferment, although none of these is unheard of in our recent history. It is more a sense of creeping omnipotence, first noticed under Mrs Thatcher after her third victory in a row in 1987.

## Joe Rogaly analyses the Conservatives' success - and the prospect of 18 years of one-party rule

# Continuous power can be bad for character



This has already led to the gradual politicisation of the civil service and the dominance of government supporters in every public body over which the prime minister or one of his cabinet colleagues can exercise the power of patronage. We must hope that Mr Major reverts to the earlier custom of drawing on a wide spectrum of interests and political allegiances when looking to fill the boards of the Tories' many quangos.

During the past year, I have discussed the possibility of a fourth Conservative victory with various ministers and expressed such concerns to them. The reply is threefold. First, we are British. We have a tradition of relative probity in government. To take one small example - look at how ministers are denied the use of official cars while on campaign. Second, Mr Major is not like Mrs Thatcher. He has tried to run a more collegiate cabinet than she did. He is committed to more open government. He has a strict sense of the traditional proprieties, as illustrated by his all-party approach to the conduct of affairs during the Gulf war.

Third, democracy prevails even if the Conservatives come back every time. The natural party of government is obliged to take into account the possibility of being turfed out. It can win many elections in a row, but it will be kept honest and

sane by the knowledge that every election is a risk. It also has to be said that the Japanese economy has done very well under the continuous rule of a single party. It may be sliding into recession now, but it has become the most

dynamic growth machine in the contemporary world. Yet it would be rash to assert that the cause of Japan's success is the apparently permanent rule of its Liberal Democratic party. As to Italy, it is true that its northern half has prospered.

under the Christian Democrats, who nearly always provide the prime minister in their coalitions. Yet its governance is not often praised, and rarely as an example for Britain to follow. The reason is plain. Coalitions are anathema to the English. The idea of alternating bouts of power by opposing parties is ingrained in the national character. It seems like a necessary ingredient of our democracy. It will be absent unless the non-Conservative opposition finds a way of winning elections. You can see part of what has to happen by considering the last three contests. In 1983, Labour's worst post-war year, Mr Michael Foot led the people's party downhill to a mere 27.6 per cent of the total vote. The Liberals and Social Democrats did almost as well, with 25.4 per cent. In 1987, Mr Neil Kinnock's first election, Labour pulled ahead, to 30.8 per cent against the Alliance's 22.6 per cent. This represented a 3 per cent swing back to Labour from the Liberals and the schematics of the SDP.

There was a further swing to Labour of roughly 4.4 per cent on Thursday. Mr Kinnock's party ended up at 35 per cent to the Liberal Democrats' 18 per cent. For most of the campaign, the polls suggested that both Mr Kinnock and Mr Paddy Ashdown would do better than that, but on the day more closet Tories fled home from the Liberal Democrats than even the most optimistic Conservatives could have hoped for.

Some people in the Labour party will now be tempted to argue that one more heave is required. Then the Lib Dems will be back to the single-figure percentages that prevailed when Labour won so well in 1945 and 1966. This is worthy of debate. All that Labour requires in order to achieve such a consummation is new policies, a new leader, a new party constitution and a new name. For it does not seem possible for it to get elected while it advocates redistribution of the incomes of high earners to the public sector and low-income groups, nor in spite of its untiring efforts - under Mr Kinnock, nor

while allied to the trade unions that founded it, nor while the name "Labour" reminds a vital extra margin of voters of the disasters of the 1970s.

Back to the drawing-board. A second line of argument, propounded in this space immediately after the 1987 election, is that Labour should make its peace with the Lib-Dems. That would require new policies, a divorce from the unions and possibly a new leader. It is not certain that it would work. It appears that on its own, Labour cannot be elected in sufficient southern constituencies to win nationally. If it were part of a pre-electoral pact, the thought of helping it to victory by voting Liberal Democrat might continue to frighten some voters into the Tories' arms.

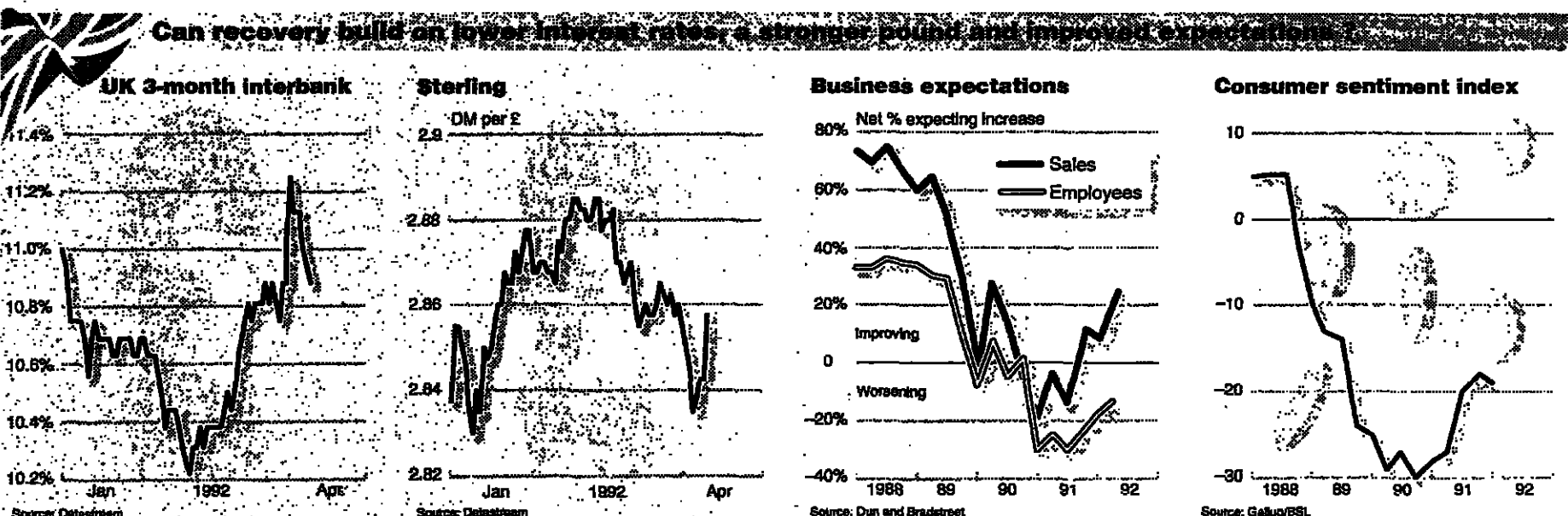
If the parties of what is still for convenience called the "left" were led by selfless men

### Will Mr Major revert to drawing on a wide spectrum of political allegiances when filling the boards of quangos?

or women of far-sighted vision there might be hope that something practical could be constructed. As it is, Labour seems likely to revert to a period of internal bickering and bids for the leadership, while the Liberal Democrats must await either the break up of Labour, or a proposal of alliance, or virtual extinction by a renewed Labour party. Mr Ashdown does have his eye on a realignment of the opposition parties, or the resurgence of his own, but he does not have any obvious means of making his dream come true. If the floundering of competing opposition parties is what we are in for, Mr Major can safely set his eyes on the millennium. *Konichiwa, Benvenuto.*

## Economic boost from the ballot box

Will the Conservative victory lift Britain out of its current recession, asks Peter Norman



Better news has come from the High Street: retail sales volumes have edged higher for two months and consumer confidence indicators have risen. Helping business and consumer confidence, Britain's annual rate of inflation continues to fall.

The election result means that Mr Norman Lamont's March Budget, with its modest reductions in the income tax for all and its limited stimulus for small businesses and industry, can fully take effect. Labour's threat of sharply higher taxes on people earning more than £22,000 a year has been banished.

Labour's tax plans posed a particular threat to the economy of the affluent south east of England, which accounts for 35 per cent of UK gross national product.

ment and consumer spending held up for fear of a Labour victory. The car industry and the housing market are two crucial areas of the economy that expect to benefit.

Mr David Gent, head of the Retail Motor Industry Federation, said the result "should stimulate the economy in general and the car market in particular." He predicted that it would release "considerable pent-up demand" and provide the retail motor trade with "a busy time in the coming months".

According to Mr Jim Birrell, chief executive of the Halifax, Britain's biggest building society, the end of election uncertainty was good news for the housing market. "Confidence should now return with more house sales and a gradual recovery in prices," he said. "The fundamentals are in place, affordability is back to mid-1980s levels, interest rates have come down and should fall further and

the removal of the threat of higher taxes will help the important southern housing market, which has been hardest hit by the slump." Housing market transactions collapsed last year to around 1.3m from 2m in 1988, contributing significantly to last year's record 1.7 per cent drop in consumption. Mr Peter Spencer, UK economist of

Mr Major's new government will be able to build on some promising signs of economic recovery

Lehman Brothers International in London, believes that transactions could now recover to 1.7m next year, adding about 1 per cent to total consumption in Britain. Some analysts expect house

prices will recover as turnover in the housing market picks up. Mr John Wrigglesworth, who specialises in housing at stockbrokers UBS Phillips & Drew, said he expects house prices should stop falling by mid year and then rise by 5 per cent in the second half with further gains of 6 per cent in 1993.

That would go some way to alleviating the financial fragility that has been a steadily growing feature of the UK economy in the long recession. Falling house and commercial property prices have chipped away at individual and corporate wealth, putting bank balance sheets under strain and raising the spectre that Britain might be caught in a downward spiral of debt-deflation that would frustrate other forces of recovery.

Such fears put pressure on the UK authorities to cut interest rates even before the Conservative victory. This fueled hopes of an early

cut in bank base rates from the current 10.5 per cent. On the domestic money market, the three month interbank rate, which often acts as a bellwether for base rates, tumbled to around 10% per cent yesterday afternoon from around 10% per cent the day before. But the Bank of England gave no hint in its money market operations that a rate cut was imminent.

To some extent, the Bank's reticence indicated a wish to see calmer conditions in financial markets before deciding on rates. There was also no incentive for the Bank to act ahead of the announcement of Mr Major's cabinet and a decision as to whether Mr Lamont should continue as chancellor.

But other considerations are likely to encourage a cautious approach to interest rate cuts. The problems that Mr Nigel Lawson brought on himself and the last government by easing monetary

and fiscal policy in the wake of the 1987 general election will be engraved on Mr Major's heart. Britain is still in a long recession caused by the high interest rates that were needed to curb the inflationary excesses that resulted from the mistakes of Mr Lawson and Mrs Thatcher. At the very least, the prime minister will want to ensure that he does not have to fight another general election with political and economic cycles out of synchronisation.

As the new government has a secure majority, there is no need to court the electorate. A modest cut in rates may be announced in the coming weeks if, as expected, sterling maintains its strength. But Britain's membership of the European exchange rate mechanism sets a limit to the amount that UK rates can fall so long as Germany's interest rates are held high to combat inflation.

Although the government wants a recovery, the authorities may prefer to see how far the forces unleashed by Mr Major's victory can stimulate economic growth. There will also be a temptation among officials to argue that the government should take this opportunity to crash inflation once and for all with a view to entering the narrow 2.25 per cent band of the ERM at sterling's present DM2.95 parity during Britain's presidency of the European Community in the second half of this year.

According to Mr Michael Saunders, UK economist of Salomon Brothers in London, Britain would then be ideally placed to cut its bank base rates in the second half of this year when Germany should at last be able to cut its own key interest rates.

Much can go wrong with this rosy scenario. The US recovery could falter and recessionary forces in Germany and Japan could strengthen. The danger of a crisis on world financial markets can never be ignored.

But Mr Major's unexpected victory holds out the hope that his premiership will usher in an era of stable non-inflationary growth, and so realise a goal which has eluded successive governments for more than 30 years.

### Reversing property spiral

From Mr M A Moore. Sir, Vanessa Houlder's article on the UK property market ("Towers of strength turn to pillars of sand", April 2) makes no mention of regional differences in the UK and no mention of areas, such as here in south Wales, where we are assisted by the pro-active Welsh Development Agency and by positive council assistance in certain office and industrial developments. Given realistic banking support, we, as developers, can counter the problems London and the south-east face by offering bankers developments they feel "safe" with, end-users a realistically priced product, investors a satisfactory yield and workers a superb environment.

Unfortunately the well publicised problems of several developers in London, our current political insecurity, the banks' perceived exposure to property generally and our innate ability to look inward,

conspire to produce a downward spiral. Surely it is within our capabilities to reverse the position, particularly here in areas such as south Wales. Martin A Moore, director, Bassaleg Group "New House", 2 Church View, Bassaleg, Newport, Gwent NP1 9ND

### An imposter on the line

From A Pugh-Thomas. Sir, The prime minister (and Lord Skidelsky) must both have been misled by a malignant spirit if they thought the former was speaking to John Maynard Keynes ("Keynes here, how can I help you?" April 4), a gentleman of his generation, particularly a stylist such as he, would surely have avoided the fused participle when taking the PM's call - "your hearing me" would come naturally to his tongue. "You hearing me" are clearly the words of an imposter. A Pugh-Thomas, 12 Castello Avenue, Putney, London SW15 6EA

### LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL  
Fax 071 873 5958. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

### Short-term corporate planning that leaves a lot to be desired

From Mr Alan MacDougall. Sir, The FT/Mort survey ("Smith's budget fails to impress industry chiefs", April 8) was a profoundly depressing example of short-termism by companies.

If a third of the survey's respondents had been considering cutting back on investment plans if Labour had won the election, then their corporate planning leaves a lot to be desired. Companies constantly bemoan the City and financial institutions for their short-termism. What are these companies doing if not the same? Was not the British public told by Conservative governments of the 1980s that industrialists were striving to be competitive and build up their

businesses over the long-term so as to increase profits and rewards to shareholders? Our pension fund clients would be seriously concerned about the companies in your survey having intended to commit collective suicide by abandoning attempts to be competitive with other businesses. That is what cutting capital expenditure implies.

Our pension fund clients would be further astounded to realise that corporate strategy is completely abandoned in the face of short-term political expediency rather than responsible to the opportunities of long-term sustainable growth in their markets. Companies desperate to cut their workforces, dividends

and capital expenditure in the event of a Labour government having been elected, cannot have been paying attention to the manifestos of either of the three main parties, or to that other determinant of democracy in Britain - the electorate.

This is perhaps not surprising if one recalls that the attitude of company boards to their own shareholders is not one of vibrant accountability. Let us hope that this short-termism does not prevail. Alan MacDougall, joint managing director, Pensions & Investment Research Consultants, Challenger House, 15-21 Clerkenwell Close, London EC1R 0AA

### Reactions to inflation

From Mr Peter Stephens. Sir, Your leader, "New challenges for Mr Mieno" (April 1), graphically describes the effects of over-reaction to the age of inflation. As you say, "last year's hero risks turning into today's villain". Your comments apply all the more to the UK. The terrifying consequences of clinging to the wholly inappropriate discipline of the ERM in terms of flow or zero economic growth and scandalous rises in unemployment for years to come are just not being debated. Why not? The level of currency is an effect not a cause. Winston Churchill discovered this in the late 1920s when obliged to drop the Gold Standard. Peter Stephens, 17 Asynhoe Road, London W14 0QA

### Fax of life and bad planning

From Mr Nigel Parkhurst. Sir, I have always been a non-believer in the advantages to organisation provided by the fax machine, and note that this scepticism has seldom been so well illustrated as in the first three sentences of your article, "The changing fax of life" (April 6). "It is already late in the evening and you have only just finished putting together the action plan for tomorrow's annual meeting. Branch managers scattered throughout the country are waiting anxiously for their copies to be faxed to them." "No need to panic." Perhaps not "panic", but there is every cause to be seriously alarmed when managers are kept late at their offices for no better reason than that their superiors do not plan their own workload properly. Nigel Parkhurst, 25 Rue d'Asstorg, 75008 Paris France

### No-win on the concert front

From Mr Nicholas Snowman. Sir, I was mystified by Max Loppert's claim that the London concert season in recent years has become "a good deal less rich in terms of novelty... variety and chance-taking" ("Musical jewels in tawdry settings", March 28). It seems but yesterday that the South Bank Centre in particular was being berated for precisely such adventurous "chance-taking" programming. We did, after all, put on for the first time every, anywhere, the complete works of Schoenberg and introduced to London the first substantial appraisals of Elliott Carter, Szymanowski, Ligeti, Maxwell Davies and others, as well as our "Brave New Worlds" modernism festival. I feel in a no-win situation. Help! Where do we go next? Nicholas Snowman, general director (arts), South Bank Centre, Royal Festival Hall, London SE1 8XX



## COMPANY NEWS: UK

## Littlewoods calls off talks to sell home shopping side

By Maggie Urry

LITTLEWOODS, the privately-owned retailing and football pools group, said yesterday that it was no longer in talks to sell its home shopping side.

It had been in discussions with Quelle, the German mail order group which is also a family run business.

Littlewoods said the mail order business was the jewel in the crown of its retail activities - it has about 22 per cent of the UK mail order market, running six catalogues and selling to 6m customers.

The group had never made the decision to sell, but had simply listened to overtures. It now wanted to end uncertainty which had unsettled staff.

During last year two other large UK mail order groups changed hands. Grattan, which was bought by Otto Versand of Germany, and Empire Stores went to Redoute Catalogue of France.

Littlewoods had appointed Kleinwort Benson, the merchant bank, to handle negotiations in January last year.

However, it appears that a price high enough to entice it to sell was not forthcoming. Speculation was that Littlewoods was seeking at least £500m.

Although a number of parties were interested initially, Littlewoods stopped talking to buyers other than Quelle last autumn. Discussions appear to have been spasmic and were eventually broken off this week.

Observers said that talks had



Sir John Moores, the 96-year-old founder

centred on a gradual sale of the business, with Quelle buying a stake in the division initially and later buying the rest at a price determined by future profits. Talks had cooled, though, as neither side felt a strong need to do the deal.

Littlewoods said yesterday that its gearing was negligible and it had easy access to bank loans, so it did not need to raise cash through a sale.

The group, still headed by Sir John Moores, the 96-year-old founder and president, is also determined not to go public.

Littlewoods will be reporting results for 1991 on April 27 and is expected to have bucked the dismal retail trend in 1991.

The group showed a strong rise in pre-tax profits in 1990, from £64.9m to £94.8m, with home shopping making a trading profit of £53.5m (£51.7m) out of total retail trading profits of £83.6m (£73.2m).

## Brierley in rescue of Europa Minerals

By Kenneth Gooding, Mining Correspondent

SIR RON Brierley, the New Zealand entrepreneur, emerged yesterday with a rescue package for Europa Minerals, the UK mining finance house.

The Europa board at the same time revealed that the principal bankers would not have been prepared to provide facilities beyond March 31 this year in the absence of firm proposals for refinancing.

Europa has signed an agreement with two companies in Sir Ron's orbit GPG, the UK investment group whose shares have been suspended in London since December 1990, and Mid-East Minerals, an investment company quoted in Australia in which GPG has a 86 per cent interest.

Mr David Hardy, chairman of Europa, suggested this "represents the only satisfactory proposal for Europa and will best secure its future."

Europa will make an open offer and placing to raise £3.1m net, on the basis of 3-for-1 at 3p per share.

New shares not taken up will be placed with or by MEM. However, the Europa directors are asking for a waiver of the requirement for MEM to make a full takeover offer, as required in the UK, should its holding go above 29.9 per cent.

After the news the Europa share price fell by 4p to 5p. The company was floated in February 1989 at 100p a share. Europa also reported a loss before tax of £2.99m for the year to January 31 1992, down from £3.89m previously. Debts at the year-end were £2.5m.

Mr Hardy said that, while the share issue would improve Europa's position, it would remain under some financial pressure and shareholders should bear this in mind when deciding whether to take up their warrants.

Existing shareholders could retain an interest in the group via warrants to be issued without payment on the basis of 3-for-5 ordinary shares. The warrants could be swapped at 7p a share at specific times during the next five years.

Europa would use the proceeds from the open offer to reduce borrowing facilities by £1.5m, to further cut overhead costs and to implement its future strategy.

GPG and MEM had indicated that they would provide financial support for suitable projects and investments by Europa. Bankers were continuing to provide finance and had agreed in principle to provide two new term loans.

Austrian Gold, which owns 14.4 per cent of Europa and recently demanded representation on the board, said it was looking at the proposals and considering its position.

## 'Crown jewels' placed on the first flight out

Paul Betts considers BAe's attempts to find a partner for its corporate jet business

BRITISH Aerospace's profitable corporate jets business has long been regarded as one of the "crown jewels" of the company's commercial aircraft activities.

But yesterday it became the first target of the group's sweeping efforts to restructure its aerospace activities around the core military aircraft and large commercial airliner operations.

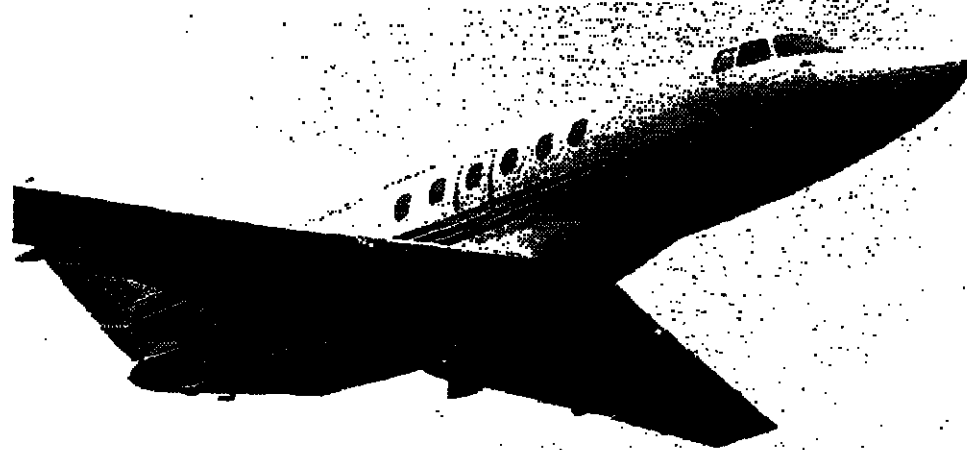
BAe's announcement that it was looking for a majority partner for the business. It is forming a new company, Corporate Jets, incorporating its business jet activities at Hatfield and Chester, employing about 1,200 people, to enable the sale to go ahead.

The move has set in motion the recovery strategy outlined last autumn at the time of the flopped £432m rights issue. The strategy involved the disposal of all businesses considered to be outside the core aircraft, defence, cars and property operations.

In commercial aircraft the company indicated it wanted to focus on its 20 per cent participation in the European Airbus airliner programme, while finding partners for the loss-making regional aircraft activities and possibly shedding its corporate jets operations.

Earlier this year it split the commercial aircraft side into three divisions. Airbus, regional aircraft and corporate jets.

BAe remains confident of the long-term prospects of Airbus despite the announcement yesterday that Airbus was planning to cut production of its 150-seater A320 twin-engine airliner by a total of 27 aircraft in 1993 and 1994 because of the current sluggish market for narrowbody jetliners.



Taking off: the 125 leading BAe's restructuring plans

The decision marks an end of an era. BAe and two of its former constituent parts, de Havilland and Hawker Siddeley, have been manufacturing corporate jets for almost 30 years.

Though profitable, the business was always a relatively small part of the group. And, more significantly, BAe is facing the prospect of having to invest considerable funds to develop new products at a time when its resources have been stretched by its restructuring programme, the recession in most of its main markets, and the investment needs.

BAe's intention is that the majority holder should be prepared to put in the necessary long-term investment while it maintains a minority interest to reassure and preserve its large and loyal corporate aircraft customer base.

The success of the corporate jet division has been based on the 125 medium-sized twin-engine jet, first developed by de Havilland 27 years ago and

subsequently by Hawker Siddeley. BAe currently manufactures two eight-to-ten seater variants, the 125-800 and the BAe 1200, its latest model with a transatlantic range launched in 1989.

Over the years, there have been some 10 different versions. In all, BAe has sold a total of 816 of which about 500 have gone to North America, traditionally the biggest market for corporate jets.

With the present models the company commands a leading position in the medium-sized corporate jet market with a share of between 45 per cent and 50 per cent.

The aircraft have continued to sell strongly, even in the last difficult 12 months of recession. But during the next few years, BAe would have had to consider launching a new aircraft to remain competitive.

Other manufacturers are studying the development of a new business jet with transatlantic range aimed largely at the

US-Japan market. It was difficult to see how BAe could adapt yet again the old 125 airframe to develop the new model for this important market. The only option was to build a completely new aircraft.

"We recognised we would have to launch a new aircraft to remain successful," said a BAe executive yesterday. "That would have involved significant new investment."

BAe said it had so far not held any serious talks. But it should find little difficulty in negotiating a deal. The business aircraft market has recently seen a spate of mergers and acquisitions with several groups seeking to strengthen their position.

The most recent was the sale in January by the US General Dynamics defence group of its Cessna corporate aircraft subsidiary to Textron for \$600m after a heated auction. Cessna's Citation jets compete against the BAe 125.

Dassault of France, which produces the Falcon range of business jets, had bid for Cessna and is likely to be a candidate for the BAe business.

BAe's search for a partner for its loss-making regional aircraft activities is likely to prove more difficult. The company has already had preliminary talks with Japanese manufacturers over a possible partnership in its BAe 146 regional jet operations.

There have also been talks with European manufacturers which are seeking to rationalise an industry suffering from overcapacity and a soft market because of the financial difficulties of smaller airlines.

Pressure has been increasing on BAe to find a partner for the regional business because of the attempts by Deutsche Aerospace, the aerospace arm of Germany's Daimler-Benz car group, to forge a strong equity partnership with Fokker, the Dutch regional aircraft manufacturer.

Alenia of Italy has also acquired a 6 per cent stake in Fokker, which could constitute the basis of a new European regional aircraft grouping.

While working to disengage itself from the corporate jet business and eventually, from regional aircraft, BAe now appears increasingly interested in increasing its role and participation in the Airbus programme.

It is an ironic turnaround. Barely two years ago, BAe's top management was expressing grave doubts about Airbus and its potential liabilities. Today, it sees Airbus as one of the high-spots in its portfolio of businesses.

## Serco pays £12m on move into civil aviation services

By Angus Foster

SERCO GROUP, which provides management and systems for contracts as diverse as Ministry of Defence radars and one in three of London's traffic lights, is moving into civil aviation services with the purchase of International Aeradio, a subsidiary of British Telecommunications, for £12.25m.

International Aeradio employs 900 people and provides management and systems for airports, flight information centres and air traffic control. Serco has provided similar services before, but only to private operators like the MOD. Mr George Gray,

chairman of Serco, said: "IAL provides a logical extension to what we have been doing."

In the year to March 31 1991 IAL incurred a loss of £969,000 from turnover of £32.5m. However, Serco is not buying certain loss-making health operations and Mr Gray said IAL was now profitable.

More than half of IAL's turnover comes from overseas. The company's main foreign market is in the Middle East, where it has contracts which include the provision of airport services to Abu Dhabi, Dubai and Bahrain.

IAL also provides air traffic control services at the Southampton, Liverpool and Cranfield airports in the UK.

### DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total last year	Total this year
Bilton (Percy)	12.33	12.04	18	17.44	
Elys (Wimbledon)	14.5	June 12	14.5	16	16
F&C Pacific Inv	1.1	May 29	1	1.75	1.52
Ulster TV	4.25	July 3	3.75	7.5	6.75

Dividends shown pence per share net except where otherwise stated. 10c increased capital. SUSM stock, included 0.35p special.

### LONDON RECENT ISSUES

Issue Price	Amount Paid	Latest Bid	1991/92	Stock	Dividend	Yield	Dividend	Yield
100	100	100	100	Avonmouth Shipyard, Units	4.64	4.64	4.64	4.64
100	100	100	100	Avonmouth Shipyard, Units	4.64	4.64	4.64	4.64
100	100	100	100	Avonmouth Shipyard, Units	4.64	4.64	4.64	4.64
100	100	100	100	Avonmouth Shipyard, Units	4.64	4.64	4.64	4.64
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100	100	100	100	Avonmouth Shipyard, Units	4.64	4.64	4.64	4.64
100	100	100	100	Avonmouth Shipyard, Units	4.64	4.64	4.64	4.64
100	100	100	100	Avonmouth Shipyard, Units	4.64	4.64	4.64	4.64
100	100	100	100	Avonmouth Shipyard, Units	4.64	4.64	4.64	4.64

### FIXED INTEREST STOCKS

Issue Price	Amount Paid	Latest Bid	1991/92	Stock	Dividend	Yield	Dividend	Yield
100	100	100	100	Bank of Ireland 10% Fixed Rate	10.00	10.00	10.00	10.00
100	100	100	100	Bank of Ireland 10% Fixed Rate	10.00	10.00	10.00	10.00
100	100	100	100	Bank of Ireland 10% Fixed Rate	10.00	10.00	10.00	10.00
100	100	100	100	Bank of Ireland 10% Fixed Rate	10.00	10.00	10.00	10.00
100	100	100	100	Bank of Ireland 10% Fixed Rate	10.00	10.00	10.00	10.00
100	100	100	100	Bank of Ireland 10% Fixed Rate	10.00	10.00	10.00	10.00
100	100	100	100	Bank of Ireland 10% Fixed Rate	10.00	10.00	10.00	10.00
100	100	100	100	Bank of Ireland 10% Fixed Rate	10.00	10.00	10.00	10.00
100	100	100	100	Bank of Ireland 10% Fixed Rate	10.00	10.00	10.00	10.00
100	100	100	100	Bank of Ireland 10% Fixed Rate	10.00	10.00	10.00	10.00

### RIGHTS OFFERS

Issue Price	Amount Paid	Latest Bid	1991/92	Stock	Dividend	Yield	Dividend	Yield
100	100	100	100	Avonmouth Shipyard, Units	4.64	4.64	4.64	4.64
100	100	100	100	Avonmouth Shipyard, Units	4.64	4.64	4.64	4.64
100	100	100	100	Avonmouth Shipyard, Units	4.64	4.64	4.64	4.64
100	100	100	100	Avonmouth Shipyard, Units	4.64	4.64	4.64	4.64
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100	100	100	100	Avonmouth Shipyard, Units	4.64	4.64	4.64	4.64
100	100	100	100	Avonmouth Shipyard, Units	4.64	4.64	4.64	4.64
100	100	100	100	Avonmouth Shipyard, Units	4.64	4.64	4.64	4.64

● First Dealings March 30  
● Last Dealings April 10  
● Last Dealings July 9  
● For Settlement July 20  
3-month call rate indications are shown on page 19.

### TRADITIONAL OPTIONS

Calla Inc. ASDA Bimes, City of Oxford, Clarke Foods, Claydon, Dowdy, Hazlewood Foods, Medeva, Premier, Pison, Slough Estate, Tarmac and The Rack. Put Inc. Dares East.

## Second half boost for Ulster TV

ULSTER Television showed a recovery through 1991 boosted by a significant 11 per cent increase in advertising revenue over the final quarter.

And for the opening three months of the current year there had been a 13 per cent rise in revenue from that source.

"We remain cautiously optimistic about a gradual improvement in the economy and are therefore forecasting some modest real growth in our advertising income in



1992", said Mr John McCuckian, chairman.

In 1991 the group lifted pre-tax profit from £1.92m to £1.95m, after making only £134,000 (£132m) in the first half as advertising revenue fell 7 per cent from the effects of the Gulf war and recession.

Turnover was up to £35.1m (£34.7m) with advertising income accounting for £23.78m (£23.72m).

Earnings per share came to 16.18p (£1.54p) before exceptional items and 11.36p (£1.02p) after.

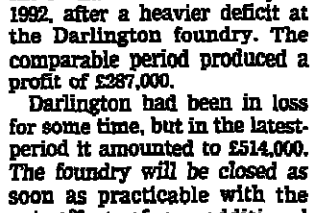
The proposed final dividend is 4.25p for a total of 7.5p (£0.75p).

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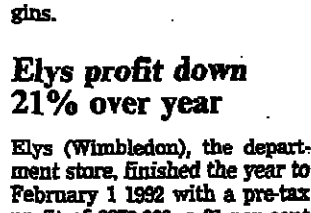
The proposed final dividend is 4.25p for a total of 7.5p (£0.75p).

## Second half boost for Ulster TV

ULSTER Television showed a recovery through 1991 boosted by a significant 11 per cent increase in advertising revenue over the final quarter.

And for the opening three months of the current year there had been a 13 per cent rise in revenue from that source.

"We remain cautiously optimistic about a gradual improvement in the economy and are therefore forecasting some modest real growth in our advertising income in



1992", said Mr John McCuckian, chairman.

In 1991 the group lifted pre-tax profit from £1.92m to £1.95m, after making only £134,000 (£132m) in the first half as advertising revenue fell 7 per cent from the effects of the Gulf war and recession.

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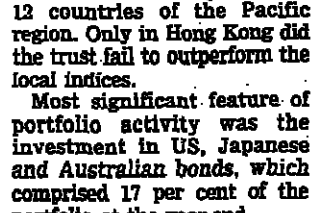
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### IN BRIEF

BBH GROUP has received an approach which may or may not lead to an offer. The company will make a further announcement as soon as possible.

MILLICOM, US-based telecommunications business quoted on the NASDAQ, made \$48m (£28m) on 1991 against a loss of \$45m (£28m) previously. Earnings per share were 31c (losses of 35c). Sales were \$56.4m (£35.6m).



## ECONOMIC DIARY

**TOMORROW:** Euro Disney land opens. Senior officials of the non-aligned movement due to start a four-day meeting in Bali to prepare for September summit. Mr Uffe Ellemann-Jensen, Danish foreign minister, departs on working visit to South Africa with major trade delegation (until April 18).

**MONDAY:** Capital issues and redemptions (March). Around 300 bankers are due to meet in Toronto to hear details of Olympia & York's debt restructuring proposals.

**TUESDAY:** Index of output of the production industries (February). Producer price index numbers (March - provisional). US retail sales (March). The International Court of Justice is expected to announce its decision on Libya's request for protection against possible military action by the United States and Britain. The European Community and the US are expected to meet in London to discuss an agreement on agricultural trade. Foreign ministers of Portugal's former African colonies jointly discuss aid and co-operation with Portuguese government. General session of India's ruling Congress Party in Tirupati. Palestinian delegates address meeting on the Middle East peace process at the Royal Institute of International Affairs at Chatham House in London.

**WEDNESDAY:** Half-yearly update of seasonal adjustments to monetary aggregates (to February 1992). US industrial production (March); business inventories (February).

**THURSDAY:** CBI survey of distributive trades (March). Institutional investment (fourth quarter). Labour market statistics: unemployment and unfilled vacancies (March - provisional); average earnings indices (February - provisional); employment, hours, productivity and unit wage costs; industrial disputes. Public sector borrowing requirement.

**FRIDAY:** National Union of Teachers holds conference in Blackpool.

## FT-ACTUARIES SHARE INDICES

The Financial Times Ltd 1992. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS		Friday April 10 1992										Thurs Apr 9										Wed Apr 8										Tues Apr 7										Mon Apr 6										Sun Apr 5										Sat Apr 4										Fri Apr 3										Thurs Apr 2										Wed Apr 1										Tues Mar 31										Mon Mar 30										Sun Mar 29										Sat Mar 28										Fri Mar 27										Thurs Mar 26										Wed Mar 25										Tues Mar 24										Mon Mar 23										Sun Mar 22										Sat Mar 21										Fri Mar 20										Thurs Mar 19										Wed Mar 18										Tues Mar 17										Mon Mar 16										Sun Mar 15										Sat Mar 14										Fri Mar 13										Thurs Mar 12										Wed Mar 11										Tues Mar 10										Mon Mar 9										Sun Mar 8										Sat Mar 7										Fri Mar 6										Thurs Mar 5										Wed Mar 4										Tues Mar 3										Mon Mar 2										Sun Mar 1										Sat Feb 29										Fri Feb 28										Thurs Feb 27										Wed Feb 26										Tues Feb 25										Mon Feb 24										Sun Feb 23										Sat Feb 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## CURRENCIES, MONEY AND CAPITAL MARKETS

## FOREIGN EXCHANGES

## Sterling flies on Tory win

STERLING reacted with predictable ease to the news of the Conservative party's unexpected election win.

In overnight trading the pound had already risen three pence against the D-mark. It opened at DM2.8798, climbed over the day, and closed at DM2.8850.

"As soon as the exit polls came out showing the Conservatives in front, people started piling into sterling and it's gone up in leaps and bounds ever since," said the head of one London foreign exchange.

He described the outcome of the election as "the result the market had dreamed of" and said the market now expected to see new money from fund managers and overseas investors beginning to fly in over the next few days.

As the UK currency continued to strengthen and short sterling futures soared, there was speculation of a base rate

cut. However, some analysts cast doubt on this scenario, especially with the removal of political pressure on the Conservatives to do so.

Mr David Mackie, UK economist at JP Morgan, said the jump in sterling and the slide in interest rates reflected an unwinding of the political premium that appeared when the election campaign started a month ago.

"There's probably still more of that unwinding to come but I don't think it will be reflected by sterling much above DM2.90," he said.

The pound sprang higher in the London foreign exchange market. Mr Neil Mackinnon, chief economist at Yamatchi, the Japanese securities house, in London pointed out that the dollar had managed to shrug off the Federal Reserve's rate reduction on Thursday.

"This is a constructive sign for the dollar," he said.

By late afternoon the dollar had jumped to DM1.6860 from a DM1.6235 start and a DM1.6184 close in New York on Thursday. It rose to Y132.85 from a start of Y132.38 and a close in New York of Y132.02.

In the US the dollar opened higher against the D-mark and the yen but fell against sterling. One factor helping to offset Thursday's Fed easing was a higher than expected rise in the consumer price index. The 0.5 per cent increase prompted inflation fears which put pressure on the long end of the bond market.

The D-mark gained sharply on the Swiss franc, but dealers detected no sign of intervention by the Swiss National Bank which came into the market twice last month to support the franc.

The D-Mark ended sharply lower against sterling, closing at its lowest in London for over five weeks.

## FINANCIAL FUTURES AND OPTIONS

## LIFE LINE CASH FUTURES OPTIONS

Strike	Calls-senior/mo		Puts-senior/mo	
Price	Jan	Feb	Jan	Feb
91	4-01	4-42	0-89	0-32
92	3-07	3-56	0-15	0-45
93	2-19	3-08	0-27	0-62
94	1-37	2-30	0-48	1-20
95	1-01	1-58	1-09	1-48
96	0-39	1-28	1-47	2-18
97	0-22	1-02	2-30	2-59
98	0-12	0-50	3-20	3-40

Estimated volume total, Calls 7814 Puts 28328  
Previous day's open int. Calls 75602 Puts 70797



## LONDON STOCK EXCHANGE Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and are shown through the Stock Exchange Telex system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 53(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

† Bargains at special prices. ‡ Bargains done the previous day.

## British Funds, etc

No. of bargains included 1922

Guaranteed Export Finance Corp PLC

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**U.S. MARKETS (3:00 pm)**AUSTRIA

## JAPAN

Citizen Watch .....	810	+60
Daiichi Chemical	559	+19

**NEW YORK**

### STANDARD AND POOR'S

NEW YORK ACTIVE STOCKS

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INVESTMENT TRUSTS - CONT'D

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Counter offer hinges on the terms of Hongkong's takeover move

## Lloyds may bid for Midland

By Robert Peston

LLOYDS BANK is likely to make a bid for its rival, Midland Bank. If Hongkong Bank does not offer enough for Midland in its takeover attempt, sources close to Lloyds said yesterday.

An adviser to Lloyds said it "stands ready" to make an offer. "We are continuing to look at the situation."

Another source said Lloyds continued interest in buying Midland explained why it had resolutely refused to make any public statements on the subject. If it were to make a statement about

a bid, its scope for changing its mind would be limited by the Takeover Code.

Hongkong Bank and Midland are in negotiations about the terms of Hongkong Bank's offer, which is expected to be made in the next fortnight.

If Hongkong Bank offers too little for Midland, Lloyds may make a counter-offer. It is understood that Lloyds made an offer of around 400p per Midland share during a secret takeover approach last month.

Hongkong Bank is expected to offer Midland's shareholders a mixture of shares and loan notes.

In other words, the value of its offer is directly linked to the strength of its own share price. Since it disclosed its intention to buy Midland, its shares have fallen by 16p cent in sterling terms to 283p last night.

If Midland's talks with Hongkong Bank were to falter, Lloyds would have little hesitation in pouncing, a source said. "Midland would be wide open."

Lloyds also believes it can convince Midland's shareholders they should support a bid from it rather than from Hongkong Bank. A takeover by Lloyds would lead to big cost savings, as

the two banks would be able to combine their branch networks, close superfluous outlets and reduce staff by 20,000. The alternative deal with Hongkong Bank would not lead to comparable savings.

Lloyds believes it can also make a strong case against the takeover of Midland being blocked by the UK and European competition authorities.

The re-election of a Conservative government has reduced the likelihood that a bid would encounter overwhelming resistance in Whitehall and Westminster, Lloyds feels.

## Bae to sell control of corporate jets business

By Paul Betts, Aerospace Correspondent

BRITISH AEROSPACE yesterday put up for sale a majority stake in its profitable corporate jets business. The move is part of a rationalisation strategy designed to focus the group on its core defence and aerospace activities.

To facilitate the sale, Bae said it was forming a company called Corporate Jets, which would incorporate its business aircraft activities. These employ about 1,200 people at Hatfield and Chester. Corporate jets have been one of the most profitable businesses in the group's commercial aircraft operations. But Bae has been reluctant to commit itself to the investment needed to develop its range of business jets.

After examining options, Bae said it had concluded it was in the best interests of the company and the division to offer a majority stake to a partner. City analysts said Bae would find little difficulty in selling control of the business because several international aerospace companies are seeking to consolidate their position in the corporate jet market. They said a 51 per cent stake in the new company could fetch about £125m. This would represent about half the value of the corporate jets Bae expects to deliver to customers this year.

Bae produces the eight-to-10 seater 125 family of medium-sized twin-engine jets and has about 45-50 per cent of the world market for this type of aircraft. Since the first version of the 125 was produced 26 years ago, Bae has sold 816 business jets. Recently, it has had to consider investing in the development of new aircraft instead of relying on derivatives of the original 125 airframe.

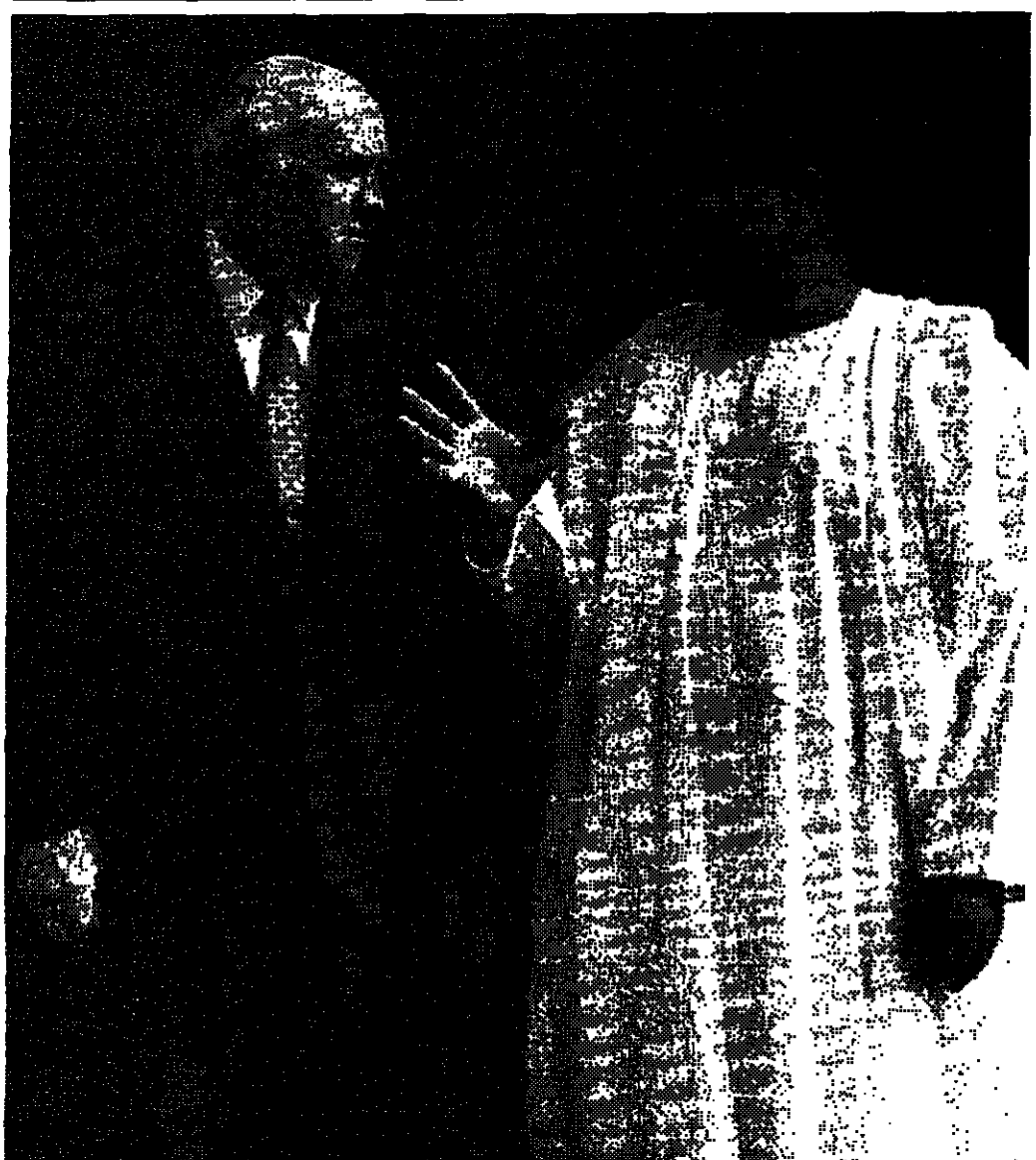
Faced with a squeeze on its resources, Bae has opted to sell control of its corporate jet business to a partner that is prepared to invest in the future development of aircraft.

Edgeworth Benson is advising Bae on the sale and search for a suitable partner. Companies expected to show interest include the French Dassault group, Gulfstream and Raytheon-Beechcraft of the US. The three were unsuccessful in the bid battle for Cessna, the corporate aircraft manufacturer which the US General Dynamics group sold for \$600m (£340m) to Textron.

Bae has embarked on a substantial rationalisation of its commercial aircraft operations, which lost \$5m last year. Apart from the sale of the corporate jet business, it is also looking for partners for its loss-making regional aircraft activities.

The company intends to focus on its 20 per cent stake in the European Airbus programme.

Details, Page 18



President Babangida (right) showered President de Klerk with extravagant praise

## De Klerk visit to Nigeria wins rapturous reception

By Patti Waldmeir in Abuja, Nigeria

MR FW de Klerk, the South African president, yesterday declared a historic breakthrough in relations with Pretoria's former enemy, Nigeria, as he ended a two-day state visit marked by surprising cordiality and high emotion.

General Ibrahim Babangida, the Nigerian president, showered Mr de Klerk with extravagant praise during his visit, the first by a white South African leader to Nigeria. At a state banquet on Thursday night, he declared that Mr de Klerk deserved a place among the most famous black South African anti-apartheid fighters: Mr Nelson Mandela, president of the African National Congress (ANC), Mr Steve Biko, the black consciousness leader who died in police custody under a previous white government, and Archbishop Desmond Tutu, the anti-apartheid cleric.

These were extraordinary words from a Nigerian given the open hostility which has charac-

terised Nigeria's relations with South Africa for decades.

But Gen Babangida went beyond mere rhetoric to physical embrace: he grasped Mr de Klerk's hand and the two men stood swaying to the strains of Nigerian music, a remarkable demonstration of their new-found reconciliation.

Nigerian officials say President Babangida wants to establish diplomatic relations with Pretoria and to sponsor South Africa's entry into the Organisation of African Unity, of which he is currently chairman. This would be possible only after a multi-racial interim government is established in South Africa, likely within months.

Reconciliation with South Africa is likely to prove the largest foreign affairs achievement of President Babangida's career. He is due to hand over to a civilian government at the year end.

Both President Babangida and Mr de Klerk repeatedly stressed their joint vision of a brave new future for Africa built around a Lagos-Pretoria axis which they

hope will give the continent new clout in international relations.

There were frequent protestations of African brotherhood from both sides, with each eyeing the economic benefits of closer co-operation. President Babangida said: "We are delighted that we have at last found someone in South Africa with whom we can do business." Indeed, the real prize of the trip will be normalised commercial relations between Africa's two regional superpowers.

The leaders of South Africa's three largest business organisations accompanied Mr de Klerk to Nigeria, where they met Nigerian business leaders to discuss renewing trade ties.

They said clandestine trade with Nigeria had carried on throughout the sanctions period but could be much increased, perhaps to more than \$200m (£40.2m) a year.

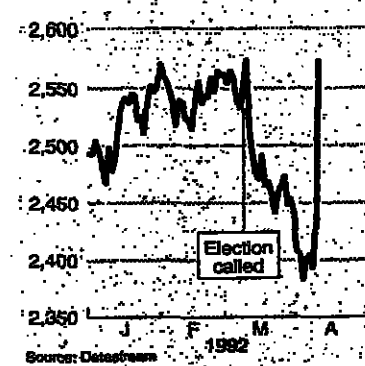
Nigerian crude oil is not suitable for South African refineries, but Nigerian manufacturers are keen to import South African steel and industrial chemicals.

## THE LEX COLUMN

## Painting the town blue

FT-SE Index: 2572.6 (-136.2)

FT-SE 100 Index



For the City's market operators, yesterday was Christmas and birthday rolled into one. The Tories were back in charge, business was booming, sterling was strong, Tokyo finally staged a recovery and US interest rates were down. Perhaps equally important, they were no longer faced with the loss of maybe a fifth of their take-home pay: indeed, many had received their bonuses early to keep the cash out of Mr John Smith's clutches. But for all the exuberance, it was noteworthy that equities, sterling and the money market only returned to where they were when the election was called a month ago. Is there a case for the markets going higher again?

The principal argument, of course, is that a month ago the spectre of a hung parliament - with the likelihood of another election again - was in itself a burden on the economy. Not only has that burden been lifted, there is also some evidence that the economy is finally struggling to life on its own. Tesco and Next made confident noises about an end to recession this week, while heavy truck sales have shown their first rise since 1989.

Never mind that there is no real indication yet of how robust the recovery will be. The timing seems established, and that is worth something on the price in itself.

It is quite possible that these arguments will prove persuasive, and that the more optimistic broking houses are right in expecting the FT-SE to be somewhere near 3,000 by the year end. But there are counter-arguments.

A month ago the Tokyo market was 17 per cent higher than it is now. Despite yesterday's sharp recovery, the UK commercial property market has taken a series of further downward lurches, threatening a degree of damage to the domestic banking system. And despite the modest rise in sterling yesterday, market talk of an imminent cut in base rates owes more to general euphoria than to logic.

And, of course, there is a formidable increase in the scale of government borrowing. Strictly speaking, that has been in the market since budget day a month ago. But the position has been greatly obscured since then by competing claims from the parties over the cost of manifestos and the threat of higher Labour borrowing again. Now that the threat has been lifted, it need not follow that the market will warm to over £30bn of new gilts from a Tory administration, however greedily it snapped up the surprise issue in the small hours of Friday morning.

Traditionally, the equity market has tended to rise sharply to greet a Tory victory and to drop back thereafter. That need not be the pattern in this case, since the victory came as a genuine surprise and may not yet be fully in the price. All the same, the market has risen almost 180 points in the space of two days. It is asking a lot for it to maintain the pace.

### Interest rates

The trouble with the sterling money market is that it sometimes tries to be just a little too perfect. It tried in vain to discount a base rate rise while Labour was ahead in the polls. Yesterday it was reluctant to discount a cut till much later in the summer.

This time, however, it may well be right. The argument that a Tory victory would so underpin sterling that the government could quickly kick-start the economy by cutting rates is doubly flawed. Despite yesterday's euphoria, sterling's close of DM2.88 was nearly half a penny below its narrow band range in the ERM. And with the election over, there is less political urgency about economic recovery.

It would be reasonable to suppose that the election result will by itself generate some recovery in consumer spending. The risk is that, like the response to last year's Gulf victory, the momentum might fizzle out after a month or two as more intractable problems such as the property market resurface. The best policy prescription might be to wait till that point is reached before using any limited scope for a rate cut.

Granted, yesterday's inflation figures again confirmed that the UK's current performance is better than that of Germany. However, base rates are only 0.75 percentage points above the Lombard rate. The UK cannot easily sustain more than a half point cut until the Bundesbank moves lower too.

The chances of that are slim while German money supply growth is three percentage points outside its target and the wage round has not been satisfactorily concluded. And unless sterling were at or around its DM2.95 central rate, trying to buck the German trend would look as though the Government's ERM commitment was taking second place.

### Privatisation

The huge leap by some of the privatised utilities yesterday - the electricity package rose by 24 per cent - was less surprising than it looked. Having fallen out of bed in the run-up to polling day, they were simply moving back to their pre-election levels. It was slightly puzzling, however, that water shares should have closed at their highest levels ever.

In theory, the market should simply have reverted to pricing the various sectors according to the sure prospect of gradually tightening regulation. In practice, that applied with unique rigour to British Gas, which barely rose at all.

The extent of yesterday's gains in the water sector can be justified if investors think the companies will have a materially better run against their regulator under a Tory government than any other. The evidence for that is scarcely conclusive.

It is also worth pointing out that the privatisation bandwagon is unlikely ever to roll with its old momentum. In part, that is because candidates such as the coal industry will be disposed of by trade sales. But the government will doubtless also work on the assumption that small investors are now wise to the risks of tight pricing and will be less inclined to fall for marketing hype.

After all, the more recent privatisation shares were far from being giveaways. Even after yesterday, shareholders in the Scottish electricity companies are nursing paper losses, while shares in the two generators have performed poorly relative to the market. Investors will also be slow to forget the havoc wrought in water and electricity in the past few weeks.

## WARNING!

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\*Source: Microcap; offer to offer, net income reinvested 1.11.88 to 1.4.92. You should remember that the price of units and the income from them can go down as well as up.

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CHIEF PRICE CHANGES YESTERDAY									
FRANKFURT (Dm)					Tokyo (Yen)				
Rieser	790	+	17.5		Daewoo	1250	+	200	
Lammyer	357	+	13		Daewoo	1250	+	200	
Linotype-Hell	287	+	8		Daewoo	1250	+	200	
Rheinmetall Bn	374.3	+	6.6		Daewoo	1250	+	200	
Volkswagen	862	-	18		Daewoo	1250	+	200	
Falck	990	-	20		Daewoo	1250	+	200	
Asko					Daewoo	1250	+	200	
Colson Krone					Daewoo	1250	+	200	
New York (\$)					London (Pence)				
Chemical Bank	31 1/2	+	1 1/2		AMEC	161	+	12	
First Chicago	29 1/2	+	1 1/2		AMEC	161	+	12	
Falck	11 1/2	-	1		AMEC	161	+	12	
Optima Sem	44 1/2	-	3 1/2		AMEC	161	+	12	
Digital Equip					AMEC	161	+	12	
Paris (FFrs)					London (Pence)				
Club Med	530	+	15		AMEC	161	+	12	
Club Med	530	+	15		AMEC	161	+	12	
Club Med	530	+	15		AMEC	161	+	12	
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Club Med	530	+	15		AMEC	161	+	12	
Club Med	530	+	15		AMEC	161	+	12	
Club Med	530	+	15		AMEC	161	+	12	

### World Weather

UK Today: Eastern and central areas will have bright spells but cloud and rain over Northern Ireland, west Wales and western Scotland will move eastwards by evening. Rain will be heavy in the north but lighter in the south.

Temperatures at midday yesterday: 1 Noon GMT temperatures. C-Celsius. D-Dew. F-Fahrenheit. H-Hail. R-Rain. S-Sun. S-Snow. T-Thunder.







# MARKETS

## London Markets

# How it looks after five more years

By Peter Martin, Financial Editor

The FT's newly installed Group VII fax machine has mysteriously offered up the following analysis note dated July 9 1996 from Back, Track & Hindsight, the London stockbroker.

**T**HE main investment theme of John Major's second term of office are now obvious. At the beginning, however, it was easy to lose sight of them amid the market's April 1992 post-election euphoria.

Our specialist team of Retrospective Portfolio managers, using 20/20 hindsight, our proprietary suite of analytical software, have identified four themes of the second Major term:

■ **Convergence, divergence, explosion.** At the UK level, all the attention in 1992 was focused on the way in which the ERM made sterling a high-yielding D-Mark. This was a replica of the prevailing wisdom at the European level: economic convergence on the way to monetary union.

Convergence ruled for the first year or so, dragging foreign money into the UK mar-

kets to take advantage of cheap valuations compared with much of the rest of the world. But the political tensions that resurfaced across the EC once the first flush of recovery gave way to sluggish growth led to the second phase: divergence. As governments increasingly tried to edge their economic policy away from the restrictive clutches of the Bundesbank, the pressures inside the ERM became too great.

Result: explosion. What started as an attempt to ease the strains with One Last Realignment rapidly degenerated into a "temporary" period of floating rates, during which sterling fell sharply. This finally gave John Major a bout of rapid economic growth. But by igniting two years of 7 per cent-plus inflation, it made people who'd plumped for bonds rather than equities wish they hadn't thought a new era was dawning.

■ **Manufacture or die.** Sterling depreciation was a bonus for a manufacturing sector that had already settled into a period of sustained outperformance. As

one engineering company boss put it, even before John Major was reinstalled in Downing street: "I can hire a graduate engineer for half the cost of my German competitors, and in a business where what matters now is engineering value-added, that's a significant long-term cost advantage." The international focus of those manufacturing firms that survived the 1990s helped them get through the slow growth of the early 1990s in better shape than the more domestically-oriented service industries. Except for one:

■ **Wasting away.** It was inevitable that the waste issue would hit the UK in the mid-1990s as it had hit the US, Scandinavia and Germany over the preceding decade. Helped by the Recycling Charter introduced by the new minister for rubbish, Lord Patten of Bath, the industry took off in the UK. Among the keenest participants were the water companies, whose momentary relief at escaping from Labour's vague threats to de-privatise them soon gave way to gloom about the increasingly

fierce regulatory regime. Waste provided an unregulated escape route. Still, the roller-coaster growth the industry offered – and the swings in ratings suffered by all glamour sectors with scandal potential – made the waste arms of the water companies uneasy bedfellows with their regulated activities. A wave of flotations seemed inevitable.

■ **Shares of ageing minds.** Two long-running trends – the ageing of the baby boom and the oversupply of consumer brands caused by globalisation and by manufacturers' attempts to offset slow underlying growth with lots of new-product launches – combined to create the mind-share showdown. As the baby-boom turned 40, its members' willingness to learn about new brands declined sharply, greatly raising the premium on existing brands. This particularly applied to brands which had enjoyed their peak of fashionability during the baby-boomers' adolescence. Few UK companies controlled world-wide brand-names any more, but those that did moved briskly to a premium rating, creating a Miffy 15 of high-priced consumer stocks.

These four themes are not the only key investment principles identified by Retrospective Portfolio Management. Advanced techniques in this

field – marketed under the Firm's slogan "You'll Always Look Good With Hindsight" – also allow us to identify with accuracy trends that didn't happen. One of these is the big Property/Banking Play of 1994. The theory was that the best way to play a coming recovery in London property prices was to buy the shares of the banks, since by now they had foreclosed on most of the property.

Just as the pessimists' predictions of the 1980s top in the property market had proved several years too early, however, the optimists' predictions of the bottom also overestimated the speed of developments. Though some fundamental trends seemed to be moving in property's favour – not least the inflation generated by sterling depreciation – the underlying lack of demand still told against it.

The key to the success of Retrospective Portfolio Management is to avoid over-eager asset allocation decisions. We are recommending that clients who wish full exposure to the retrospective trends of the second Major government should be fully invested in our key themes by Q3 1997. Investment research for the next prime minister is well under way, and clients can expect full briefings with support material in early 2002.

## Serious Money

# Cleaning up after the party

By Philip Coggan, Personal Finance Editor

**I**F YOU recently sent all your money in a brown envelope to a Panama bank, you can ask for it back now.

After all the panics, after all the marketing hype from financial services companies, Labour failed to win the election. The 50 per cent tax rate and the abolition of the National Insurance ceiling are proposals now consigned to the dustbin of history.

It all goes to show how dangerous it is to plan your finances on the basis of hypothetical situations. I only hope that readers did not race to invest their capital in ill-thought out Business Expansion Schemes or high-charging Personal Equity Plans through fear of Labour. Such haste may prove to have been expensive.

The investments we were highlighting in the event of the Labour government – Tessa's National Savings, index-linked gilts – will still be highly attractive under a re-elected Conservative administration.

It also seems likely that investors can afford to be more confident about equities than they would have been under Labour. However, the normal caveat applies: you have to invest for the long term. While the markets may have been in euphoric mood yesterday, there are still problems in the economy which have not gone away.

It is far from clear that the recession is over, and the eventual recovery may be sluggish. Profit and dividend increases from the UK corporate sector may be limited. Even those companies with overseas businesses may find their progress limited by the unhealthy state of many world economies.

The recent problems of the Japanese stock market may also have repercussions on UK equities – and there are also doubts about whether the recent highs on Wall Street can

be sustained.

Having said all that, UK equities still look reasonably valued in historical terms. Even after yesterday's rise in the market, the yield on the All-Share Index is still close to the long term average of 5 per cent. That yield is higher than the current inflation rate of 4 per cent – a relationship which has been rare during the past 20 years. The ratio of gilt to equity yields (around 2) also makes shares look good value in historical terms.

Judging by yesterday's activity, private investors were enthusiastically buying shares on the back of the election result. But those who feel they have missed out by not joining the post-election rush may still find, if they are prepared to put money away for five years or more, that it is a good time to buy equities.

Doing so via a PEP may be attractive, but make sure that the charges do not outweigh the tax benefits. If equities yield 5 per cent, then a basic rate taxpayer who buys into a PEP with a 5 per cent front end charge will have to wait four years to recover the charges in tax savings. Unit and investment trust PEPs, of course, now qualify for the full £5,000 allowance (see Page V).

**T**he more cautious may be attracted to gilt yields of 9.5 per cent to 9.7 per cent.

For basic rate taxpayers, that represents a net real yield of around 3.2 per cent. If interest rates fall under a Conservative government, then this may be an attractive time to lock in these rates. However, there is a risk that gilt prices may fall if the government's borrowing requirement – which is already high – rises further.

It is also worth remembering what happened in Norman Lamont's Budget, which now seems a long time ago. Some changes did not get through Parliament before the

election, and can now be resurrected. Farmers and owners of small businesses can now look forward to exemption from inheritance tax, and the general IFT threshold can now rise to £250,000. Future, more sweeping, changes to inheritance tax may follow in later Budgets, now that John Major has a mandate.

The new 20 per cent income tax rate on the first £2,000 of taxable income will now apply, and there are increases in many of the personal allowances (although not the married couple's allowance).

**T**ax efficiency will still be important after the election, even though wives will not be entitled to claim all or half the married couple's allowance until 1999-04. But couples where one partner is taxed at 40 per cent, and the other at zero, 20 or 25 per cent, can still profit from a suitable redistribution of savings.

However, it seems likely that the scope for radical shake-ups in the tax regime will be limited, at least in the early years of the new government. The Chancellor is unlikely to want to encourage new forms of saving in the short term – he wants consumers to spend their way out of the recession.

Tax cuts may arrive but readers should not get too excited at the prospect. Some expect a £40bn borrowing requirement in the 1993-94 budget deficit, which makes the Chancellor's leeway very limited. And no doubt the government will want to handle the electoral cycle a little more expertly this time – and unlike Nigel Lawson, keep any cuts up its sleeve until nearer the next election.

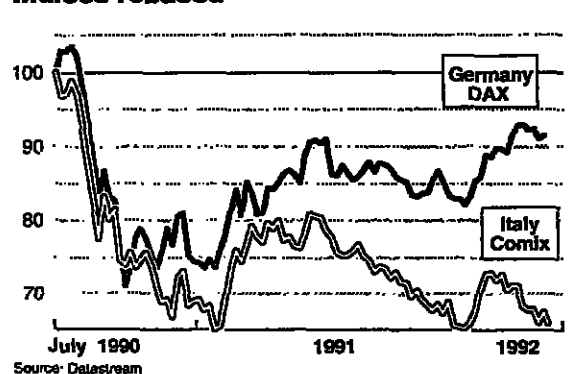
In short, higher earnings readers may be relieved at John Major's re-election – but they should not assume that everything will be coming up roses for the next five years.

## MARKET HIGHLIGHTS

	Price y'day	Change on day	since March 11	since Jan. 1	
FT-SE 100 Index	2572.6	+136.2	+50.2	+79.5	Tory Election victory
Anglian Water	411	+80	+56	+81	Threat of renationalisation lifted
BAA	587	+39	+31	+56	Regulation fears ease
Berkeley Group	276	+56	-16	+26	House builders bounce
British Airways	264	+19	+5	+32	Consumer recovery hopes
British Telecom	335	+21	+4	+6½	Regulation threat over
Dixons	236	+26	+8	+31	Consumer recovery hopes
Electricity Pkg Uts	£3040	+587	+340	+285	Threat of renationalisation lifted
Forti	243	+29	+12	+10	No minimum wage
Kingfisher	530	+43	+27	+48	Consumer recovery hopes
Pearson	843	+83	+15	+143	Advertising recovery hopes
Rank Org	735	+47	+36	+147	Consumer recovery hopes
Thorn EMI	804	+37	+18	+94	US rate cut
VSEL	370	+40	+10	+45	Defence threat lifted
Vodafone	349	+35	-2	-28	Regulation threat over

## AT A GLANCE

### Indices rebased



## The view from abroad

Now the UK is a member of the European exchange rate mechanism, will its stock markets follow the continental lead? The graphs show just how much the markets of the other members have tended to track each other once their exchange rate parities are established.

Neither the Milan nor the Frankfurt market has managed yet to regain the heights reached before the Gulf War. Both have been almost locked together. But they showed very different responses to elections which took place in both countries on Sunday.

Stocks on the Milan market dropped following the Italian general election results, which saw the fall of the Christian Democrat-led coalition government. As the UK markets had demonstrated over the last few weeks, there is nothing dealers like less than uncertainty, and there is plenty of it about in Italy.

Meanwhile, Frankfurt traders were unmoved by the swing to the hard right in two state elections, potentially destabilising, and the DAX moved up on the strength of stronger bond futures and promising economic news.

## Income bonds chaos

Labour's surprise defeat sent the market for guaranteed income bonds into chaos yesterday. Actuaries were expecting a Labour government, with attendant higher base rates, and were offering more generous rates accordingly.

The Tory victory led them to cut rates, or withdraw bonds altogether, in a hurry. Chase De Vere reports that yesterday Alico, Financial Assurance and Hambro Guardian withdrew all their bonds. Prosperity and General Portfolio lowered all their rates, while Liberty Life withdrew its 4-year bond, and Aetna announced it would withdraw its 5-year bond by Monday morning.

Those who bought GIBs earlier this week will be happy about the situation. However, the rates on offer on Friday were so unclear that the Weekend FT was unable to include the bonds in the Best Rates table for this week.

## Pearl cuts savings bonuses

Pearl Assurance has reduced its bonuses on with-profits savings contracts. The adjustments to the contracts are complex, and vary between the ordinary and industrial branches. The overall effect follows the trend for the industry, with pay-outs for 10-year policies hit hard, while 25-year policy maturity values have risen slightly.

Using the standard assumption that policies were started by a 25-year-old man paying premiums of £30 per month, the ten-year has dropped by 5 per cent from £3,046 (which made it one of the market leaders) to £2,861. Pay-outs over 25 years increased by 0.3 per cent from £56,462 to £56,631.

## Mixed week for small companies

Small company shares had a rocky week in the lead up to the election result. The Hoare Govett Small Companies Index (capital gains version) fell 1 per cent from 1131.74 to 1119.96 in the week to April 9; the County Small Companies Index fell 1.1 per cent from 899.27 to 889.31 over the same period. The figures do not take account of the rebound in share prices yesterday.

**J**UST AS Wall Street was circling the wagons this week, the Federal Reserve rode to the rescue with a timely interest rate cut.

The Fed's decision on Thursday to lower the federal funds rate (the interest rate at which banks borrow from each other) from 4 per cent to 3.75 per cent may have been motivated purely by a desire to breathe fresh life into the halting economic recovery, it mattered little to the stock market, which in the two days prior to the rate cut had wiped more than 90 points off the Dow amid panic about a financial meltdown in Japan and its effect on the world economy.

Thursday's easing, however, saw the Dow regain half that lost ground, and by midday yesterday another 30-odd points had been put back on the index. Although the Fed may be privately pleased with the impact of its rate cut on share prices, it insists restoring confidence in financial markets was not the idea behind the policy ease.

No, domestic economic priorities steered its hand, says the Fed. If you subscribe to this view, money supply and inflation appear to have been the key factors at play.

Until the middle of the first quarter, the money supply was growing steadily as lower interest rates persuaded banks to increase lending. From mid-February onwards, however, the money supply started to shrink again, with the various measures of money (M1, M2 and M3) all posting declines for four to five straight weeks.

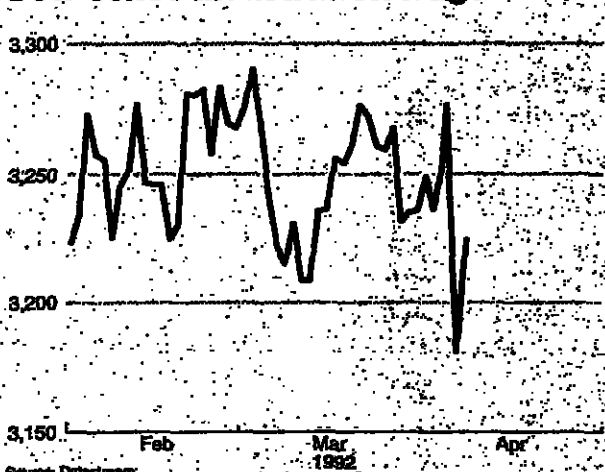
The most recent numbers must have been particularly disturbing to the Fed, which reported late on Thursday that its most widely favoured measure of money shrank more than \$7bn in the last week of March, following a \$10bn drop the previous week. This put the annual growth rate of money at just 2.4 per cent, taking it outside the Fed's target range of 2.5 per cent to 6.5 per cent.

Alan Greenspan, the Fed's chairman, has always placed

## Wall Street

# The Fed rides to the rescue

## Dow Jones Industrial Average



great emphasis on controlling the money supply, and he will have been especially worried to see it shrinking just at the time when the recovery appeared to be picking up pace.

Fortunately, the lack of inflationary pressures in the economy left plenty of room

for an easing of policy. Thursday's morning's March producer prices data, showing a modest 0.2 per cent increase in wholesale prices meant the Fed could cut rates one more time without the fear of fanning the inflationary flames. (Admittedly, the market,

and the Fed's, complacency about inflation took a knock yesterday when the March consumer prices figures showed an unexpectedly sharp rise of 0.5 per cent. Analysts, however, were quick to dismiss the number as an aberration created by seasonal factors, arguing that the weakness in the economy all but guarantees that inflation will remain dormant over the medium-term.

Whatever the reasoning behind it, the stock market took to Thursday's rate cut like a drowning man to a rope. Wall Street, however, in typical fashion has probably overdone its reaction; both to the likely impact on US markets of the problems in Tokyo, and to the likely economic effectiveness of a cut in fed funds.

Talk of a meltdown in Japan plunging Wall Street into crisis and the US economy back into recession is off the mark. The withdrawal of Japanese assets from overseas markets started more than two years ago, and Japan's

international lending has already been cut nearly in half since its peak in 1989.

The bulk of Japan's foreign assets are concentrated in bonds and direct investment, not US stocks, while the Japanese finished selling the bulk of their holdings of US Treasury bonds more than a year ago. Turmoil in Tokyo should also have little impact on the US economy. Its recovery is, and will be, driven by domestic demand.

As for the effect of the rate cut, a quarter of a percentage point off fed funds is unlikely to set the economy ablaze. Bank prime rates will stay where they are at 8 per cent, and the all-important medium-term bond yields which determine mortgage interest rates – have shown no inclination of budging from around 7 per cent.

## Patrick Harverson

Monday	3276.49	+ 26.36
Tuesday	3212.25	- 61.94
Wednesday	3181.36	- 32.20
Thursday	3224.96	+ 43.61

## The Bottom Line

# Slimline Next is back from the brink

**D**AVID JONES, chief executive of Next, has lost 2½ stone on a diet. When reporting results earlier this week he was worried that analysts would think his new lean look meant that the fashion retailer was still suffering.

In fact, the results he announced were greeted in the City with gasps of amazement. Analysts confessed to being surprised, even speechless, when they saw the pre-tax profit of £12.3m, compared with their estimates of about £2m to £3m.

They were all the more impressed when they discovered that the figure was struck after a depreciation charge 24½m higher than normal. Given that a year earlier the group had reported a £40.7m pre-tax loss, the recovery was sharp.

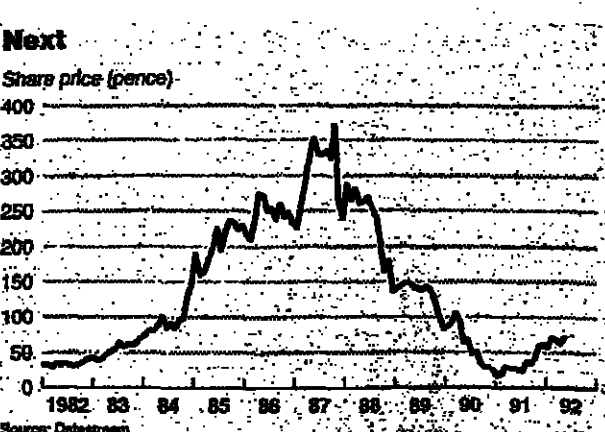
However, Next, like Jones, is a shadow of its former self. In the year ended January 1988 it made a pre-tax profit of £92.4m.

Before the October 1987 crash it had a market capitalisation of £1.3bn and was a constituent of the FT-SE 100 index.

In many ways Next epitomised the rise and fall of the stores sector in the late 1980s – rapid expansion in UK high streets, acquisitions, share issues, and above all a high profile chairman and chief executive in George Davies. Profits rose; the share price followed.

But 1988 marked the turning point. By December of that year Next was warning of a "significant" drop in profits. A few days later, Davies was sacked.

As the consumer boom slackened and the financial consequences of over-expansion in high-rent shops with expensive fittings became apparent, Next and many of its retail competitors found profits turning to losses. In the 1989-91 financial year the group reported a net loss of £22.8m.



the last year has been one of climbing out of the abyss. It had one lifeline to cling to. One of Next's most ambitious moves had been the £300m purchase of Grattan, the mail order group, in 1986. Although Grattan's value had fallen, Next was able to sell it in March last year for £167.5m in cash.

That deal secured Next's balance sheet, so that it was able to meet the redemption of two convertible Eurobonds this year with cash to spare. The group also set up provisions to cover the costs of rationalising the business.

customers to buy was seen in sales which rose by 12 per cent in the second half of the financial year. That was achieved without resorting to pre-Christmas price cuts.

Over-expansion had spread the Next name too thinly, with too many different fascias – such as Next Originals, Next Too, and Next for Men. So far 100 of the 414 shops have been closed. Lord Wolfson, chairman, says that soon all the shops will have one standard fascia.

At the same time the group had to cut the high level of occupancy costs it suffered when shop rents rose sharply in the late 1980s as retailers vied for new stores. Lord Wolfson says that the group's rent as a proportion of sales including VAT were now 11 per cent, compared with a "very high" level before.

He believes that the group has completed more than a third of the task of rebuilding. It gets harder from here, but

there is a momentum running in Next's favour.

However, the remaining question is how far can Next recover. One analyst says: "I now believe Next does have potential." Another remarks that "it shows how operational gearing really works and how cash generative retailers are".

Lord Wolfson believes a company such as Next should be able to make an operating margin of perhaps 7 or 8 per cent. If the company's sales can recover to £500m, from the £292.9m its continuing businesses reported, the profit target could be about £37.5m. That may take a few years to achieve.

On forecasts of pre-tax profits of between £18m and £22m for the current year, and the shares closing the week at 82p, up from its 63p opening on Monday morning, the rating is rapidly catching up with events.

Maggie Urry



***Scheherazade Daneshkhu on how to ease the financial burden if you become surplus to requirements***

**This is not the time to tie up cash in insurance bonds or endowments unless you are sure you have enough income**

IRRESISTIBLE FORCE V. IMMUTABLE OBJECT

Smith; he says you could be substituting "final salary certainty for a money purchase hope." The alternative is to

What it decides will depend on the level of your difficulties.

but you must be out of work to qualify. Usually, this would pay half the monthly interest for the first 16 weeks of unemployment and the full

consider making the policy "paid-up" - in which case you would pay no more and wait for the amount invested already to mature.

lowered to £400, not £600

For £10,000 and above  
for interest paid annually.

Please only enclose cheques which should

absence of valid certification interest will be paid not of the basic rate of income tax which may be reclaimed by non-taxpayers. The set rule shown is illustrative assuming tax at the basic rate of 10%.

\_\_\_\_\_ Opening Society followed by the name(s) of the person(s) opening the account.

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\*For telephone see local directory. CAR = Annual yield after interest compounded @Net of basic rate tax.

11/4



## FINANCE AND THE FAMILY

## Now cheaper mortgages are in sight

**T**HE TORY victory has brought a huge sigh of relief in the world of mortgages and savings products. Bank and building society mortgage customers can look forward to slightly lower interest rates in the next few months than they would have had Labour won, and further falls over the next 18 months.

"I think the result means that the housing market will pick up reasonably briskly. I am not expecting a boom, but there will be a much more positive environment than there has been for the past few months," says Duncan Grant, chief executive of the Household Mortgage Corporation.

John Wriglesworth, housing analyst at City stockbroker UBS Phillips & Drew, also says he expects a recovery in the housing market in the second half of this year and a further fall of about 1 per cent in base rates by the year-end. And he forecasts a rise in house prices next year of up to 6 per cent.

More generally, banks warned that the rise in the markets after Thursday's Conservative triumph might not be sustained for long. "I think it will fall back in due course," says Peregrine Banbury, head of investments at Coutts, the private banking arm of the NatWest group.

It is the savings side of their business which worries the building societies. During the past few months, they have been vulnerable on several fronts. Rates have come down and they are now facing competition from gilts. Before the election, some funds were going offshore. Worst of all, they face a serious challenge from National Savings.

"There have got to be level playing fields. If the return on National Savings is dictated by things which are nothing to do with the markets, but reflect the government's need for cash, we are going to face a very difficult time," says one society.

Because a Conservative government probably will need to borrow less than Labour would have done, and because there will be some more privatisations, the threat from National Savings might not be as great as it could have been under Labour.

Even so, the building societies are looking forward anxiously to July when the Guaranteed Bond is to be introduced. They believe the bond - which has an advantage of about half a percentage point - will be marketed strongly by the government.

To bridge that gap, several top societies were muttering before the election about a rise in rates on their savings products.

Alastair Beeg, joint managing director at Kleinwort Benson Private

Banking, said he thought the election result would not make much difference for many people. But the prospect of relative certainty in the markets, and a gradual revival in the housing sector, should be good news for most homeowners. Savers may not see such high interest rates - but they could be safer from inflation than they would have been under Labour.

And yet, as one senior banker said on Friday: "I still worry that in a few weeks all the euphoria will have disappeared but all the problems of the economy will still be with us."

David Barchard

## House sale shortfalls stifle job moves

**M**ILLIONS OF homeowners are facing the serious threat that they will have to sell their houses for less than the size of their mortgages. On even the most optimistic forecasts, job mobility could be stalled seriously until almost the end of the century if lenders insist that all mortgages are redeemed fully at the time of a sale. But lenders do not seem to have arrived at any common policy on how to handle this severe problem.

In London, the south-east and East Anglia, people who bought at the top of the 1988 price boom may have to wait another five years at least before seeing the same level of nominal prices, according to Gary Marsh, house price specialist at the Halifax.

Paradoxically, it is much more expensive to move previously-mobile young people than older people with longer-established mortgages. "A lot of people at the moment are sitting with a mortgage that is more than the house is worth and they don't have the benefit of relocation," says Vic Thomson, of Hambros Countrywide.

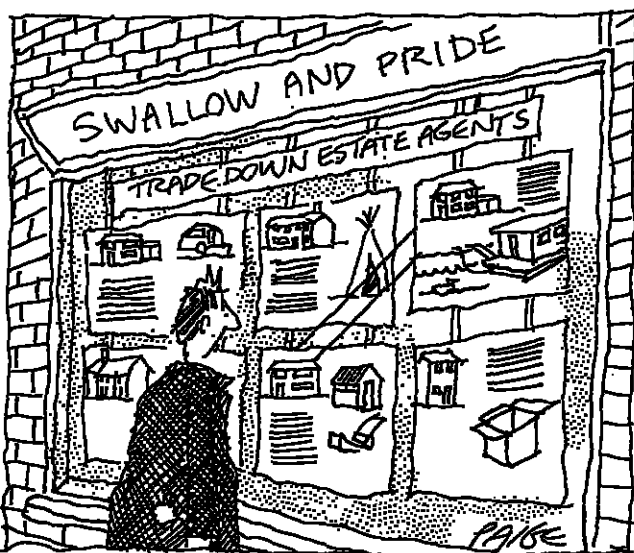
How do lenders react when their borrowers are faced with a shortfall? Some - particularly those likely to have a

high proportion of borrowers affected - downplay the situation. Others recognise an increasing difficulty and admit resorting to solutions they would not have considered a few years ago. Meanwhile, insurers appear to be trying to cut mortgage indemnity losses by interpreting policy terms more flexibly.

Lenders have discussed the shortfall problem among themselves, although the topic has yet to figure on any official agenda, according to Adrian Coles of the Building Societies Association/Council of Mortgage Lenders. "There is every sympathy with borrowers but no solution," he says. "Effectively, it means people are stuck."

Coles says lenders would not halt sales willingly by refusing to release the deeds on a property. "There is no problem if people don't want to move and are continuing to pay the mortgage," he adds. "But this is a factor inhibiting recovery in the housing market and reducing labour mobility."

The three largest lenders, the Halifax and Nationwide building societies and the Abbey National bank, have targeted first-time buyers repeatedly. These are the people most likely to be caught in the cleft between high percentage bor-



rowing and falling property prices. But all three refuse to estimate how many sales are falling short, apart from saying that the number is very small. They insist that the only solution is for borrowers to stay in the property until the mortgage can be redeemed in full.

When pressed on options, such as covering a deficit to an unsecured loan, both the Halifax and Nationwide retreat into vague generalities about considering each case on its merits and taking all circum-

stances into account. The Halifax drew attention to its £7,500 limit on unsecured loans and suggested that people moving because of a job change would be helped out by their companies. Ambrose McGinnis, marketing manager at the Abbey National, said the bank did not offer loans to pay off loans.

The Cheltenham & Gloucester building society said its deficiency sales had increased significantly. After agreeing 21 for the whole of last year, the society is now

processing a few applications every day. A spokeswoman stressed that cases were treated individually, with examination of the marketing history of a property. Borrowers wishing to move who stayed with the society could be offered the amount of the shortfall as an unsecured loan at the same rate as their next mortgage. However, the society would stick to its 85 per cent mortgage ceiling on the new property.

Kevin McGinnis, of the Bradford & Bingley building society, says it would sometimes give borrowers the chance to pay back the deficiency over a period of years, effectively as an unsecured loan. "In the past, we certainly never would have done something like this."

Lenders may get help from mortgage indemnity policies in shortfall cases although, strictly, the standard terms cover losses only on sales after repossession. Eagle Star said most insurers would now examine such cases and could agree to pay out if they felt they would lose less than by going through an entire repossession.

The insurer would still have the right to pursue the borrower for the shortfall. But Eagle Star said this would not

be done in cases of extreme hardship or where it was not worth powder and shot.

For individual borrowers, relocation with a job could be the best hope of escape. Thomson says he is seeing increasing cases of shortfall sales, generally ranging from £2,000 to £15,000 (although the worst, in Cambridgeshire, had run to £70,000 and resulted in a company withdrawing the offer of a move for an employee).

"There is no clear answer," he adds. "Nobody seems to have thought that house prices would ever go down."

Thomson said employers were arguing with the Inland Revenue, on behalf of employees, that making up a shortfall should not be treated as a taxable benefit. They would then offer either an interest-free loan or a lump sum payment to cover the deficiency.

If you have now outgrown the house you bought four years ago, but cannot sell without a loss, it looks as though you are probably on your own. But the moves some building societies are making provide some glimpse of light at the end of the tunnel. For the time being, you have nothing to lose by putting your case forcefully to your lender.

Barbara Ellis

## Beware - loan sharks about!

**A**S BANKS and building societies become increasingly tight-fisted in the recession, some people may be tempted to look elsewhere to borrow. Advertisements - sometimes promising "fast, sympathetic service" - are likely to catch the eye of those up to their neck in debt. But these are companies preying on the weak, according to the latest issue of *Which?*, the Consumers' Association magazine.

*Which?* found some brokers charging as much as £1,000 to arrange a £5,000 loan. One company charged £499 on a £2,000 loan, leaving the borrower with only £1,500 in cash. Commissions paid by lenders and brokers varied from 2 per cent to more than 10 per cent of the loan amount. According to *Which?*, the greater the debt problems of the borrower, the more commission the broker gets.

It found many interest rates were double those offered by high street lenders - and some were extortionate. One couple with mortgage arrears thought they had agreed to a re-mortgage but had, in fact, been given a four-month bridging loan of £18,000 at an APR of 51.1 per cent. The loan included fees and interest of £5,520, leaving the couple with only £12,480. Another company offering a loan of £2,500 charged an APR of 40 per cent, compared with around 16 per cent from high street lenders.

The association says one reason for the existence of the loan sharks is the ease with which operating licences can be obtained from the Office of Fair Trading. A *Which?* researcher acquired a licence as a credit broker after sending £70 and filling an application form which required neither his employment history nor references.

The Consumer Credit Act contains "extortionate credit" provisions which allow consumers to take lenders to court over allegedly unfair credit terms. But only 15 cases have been decided so far - and only four have been won by the consumer.

The OFT says this is because the courts have tended to concentrate on the credit charges without addressing abuses in the way such loans are sold. It has proposed several changes to the law, including replacing "extortionate credit" by "unjust credit" to cover unfair business activity. Another change is to empower the OFT to initiate legal action on behalf of the borrower.

The association welcomes the proposals but calls on the OFT to be tougher when licensing and policing credit brokers. It advises those who are worried about their financial situation to contact their local Citizens' Advice Bureau or to telephone the National Debtline (021-359-8501) for confidential advice.

Scheherazade Daneshkhoo

## BEST RATES FOR YOUR MONEY

Account	Telephone	Medical term	Minimum deposit	Rate %	Int. paid
<b>INVESTMENT A/Cs and BONDS (Gross)</b>					
Co-operative Bank	Pathfinder	0800 616182	Instant	£1 10.00%	Mly
Nottingham BS	Post Direct	0602 481444	Instant	£2,500 11.25%	Yly
Leeds & Holbeck BS	Albion Postal Acc	0532 438282	Instant	£50,000 11.50%	Yly
Scarborough BS	Premier Flex	0723 288155	1.85	£10,000 12.50%	Fly
Chelsea BS	Premier Acc 2nd	0800 272505	31.84	£10,000 12.0%	Yly
NatWest BS	Capital Bond	0793 694465	2 Year	£10,000 12.30%	Yly
<b>TESSAs (Tax Free)</b>					
Allied Trust Bank		071 626 0879	5 Year	£8,000 13.24%	Yly
National Counties BS		0372 742211	5 Year	£3,000 12.50%	Yly
Stroud & Swindon BS		0453 757011	5 Year	£100 12.10%	Yly
Exeter Bank		0392 50635	5 Year	£250 12.00%	Qly
<b>HIGH INTEREST CHEQUE A/Cs (Gross)</b>					
Caledonian Bank	HICA	031 556 8235	Instant	£1 10.00%	Yly
UDT	Capital Plus	0734 560411	Instant	£1,000 9.50%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000 10.50%	Yly
Portman BS	Prestige Cheque	0800 373176	Instant	£50,000 11.25%	Yly
<b>OFFSHORE ACCOUNTS (Gross)</b>					
Woolwich (Guernsey) Ltd	International Acc	0481 715735	Instant	£500 10.00%	Yly
Co-operative	Investment 90	0481 710527	90 Day	£25,000 10.85%	Yly
Yorkshire BS Guernsey	Key Extra	0481 719898	180 Day	£50,000 11.25%	Yly
C&G Channel Islands Ltd	Guernsey Bond	0481 715422	1 Year	£10,000 10.85%	OM
<b>NAT SAVINGS A/Cs &amp; BONDS (Gross)</b>					
Investment A/C			1 Month	£5 9.50%	Yly
Income Bonds			3 Month	£2,000 10.25%	Mly
Capital Bonds C			5 Year	£100 11.50%	OM
<b>NAT SAVINGS CERTIFICATES (Tax Free)</b>					
36th Issue			5 Year	£25 8.50%	OM
5th Index Linked			5 Year	£25 4.50%	OM
Childrens Bond F			5 Year	£25 11.84%	OM

\* Rate on Chelsea account fixed till July 1. This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (all other rates are variable) OM = Interest paid on maturity, N = Net Rate, B = Bond. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Watlington House, Watlington, Oxford. Readers can obtain a complimentary copy by phoning 0882 583838.

## Making waivers

David Harris on improving a company's position

**I**MAGINE that you are a director of a small company which has been refused further financial assistance by its bank. You are not in a position to issue (or to purchase) loan stock or further shares, and you do not wish to damage the share price by refusing to declare a dividend. What can you do to improve the company's financial position over the short term?

If you have sufficient personal funds to meet your day-to-day living requirements, you can take less out of the company (thereby leaving more within it) by waiving dividends or remuneration, or loans outstanding to you from it. However, some attention must be given to formality and timing in order to avoid undesirable tax consequences.

A waiver is, effectively, a refusal to accept payment; it cannot redirect the dividend to other parties. Funds which would otherwise be paid over are then made available to the company for other purposes.

Dividends. A dividend can be waived validly only before the right to it has arisen. In general, this happens on the date of declaration (or on the date it is to be paid, if that is later). So, any waiver must certainly be made before the date of payment and preferably, before the date of declaration.

There are tax implications. You do not pay income tax on a dividend once waived, unless the effect of the waiver is to increase payments by the company to family members.

A dividend which is waived within 12 months before the right to it accrues is not treated as a gift for inheritance tax purposes. A "standing" waiver should, therefore, be renewed regularly in order to take full advantage of this exemption.

No advance corporation tax (ACT) is payable by the company on a dividend which has been waived. This will increase the amount of cash available to the company - particularly if it is unable to set off the ACT against mainstream corporation tax on profits, for exam-

ple, because it is making a loss or has insufficient UK profits. There is no effect on the VAT position of either the company or the shareholder because both payment and waiver of a dividend are outside the scope of VAT unless payment in some form or other is received in return.

To waive a dividend, you must sign and date a written document specifying the dividend payment(s), and the shares to which it relates.

Remuneration. Any waiver of wages, fees or salary must also be made before the right to them has accrued. You do not pay income tax on waived

income and it is not deductible by the company when computing its profits.

Provided no deduction is made by the company, the amount waived is not treated as a gift for IHT purposes.

Loans. Other income to which you may be entitled from the company could include a loan which you have made to it. Since a loan is a debt due to you as the creditor, it forms part of your assets for inheritance tax purposes unless repayment is validly waived.

The Capital Taxes Office of the Inland Revenue will accept a waiver only by document under seal. Strictly speaking, this involves fixing an adhesive wafer to the document.

In practice, though, if the document bears the printed words "signed, sealed and delivered," and contains your signature plus an indication of where to place the seal, it will be acceptable.

There will be no liability to capital gains tax on the waiver of the loan if you are the person who lent the money to the company originally.

Waiving your entitlements from the company may be a highly tax-effective method of short-term finance. It may also enable the company to make future payments of dividends and remuneration which are sufficient to compensate you for the amount you have had to forego.

David Harris is managing director of chartered accountants Chantrey Villacott.

## The Week Ahead

THE outlook for UK construction stocks should be clearer next week with several major companies announcing final results, for last year.

Recession in the housing and construction sectors is expected to take a toll, with losses, provisions for property write-downs and dividend cuts expected. But the market will also be looking for signs of improvement.

John Mowlem, the construction group which also owns 90 per cent of London City Airport, is expected to announce on Monday pre-tax profits of £10m, down by more than two-thirds. The company's scaffolding subsidiary had a poor first half. A dividend cut is expected.

Taylor Woodrow, which has suffered badly in both property and construction, is expected to do no better than break even (against £5.4m pre-tax profits

a year earlier) on Tuesday. Heavy provisions and possible write-downs on its property portfolio, are expected, although the dividend is probably safe.

RMC, the world's biggest cement maker which reports on the same day, is unlikely to surprise with pre-tax profits down one quarter to £160m. Strong performance in Germany is likely to buffer the company from a weak UK.

Tarmac, the UK's largest housebuilder, looks likely to cut its dividend when it reports a plunge in profits on Wednesday to around £25m (£190.7m). The company is expected to make a £12m provision on the Channel Tunnel, and a possible land write-down.

Blue Circle Industries, the building materials group, announcing the same day, is expected to be in much better shape and to limit profits fall to £126m (£196m). The dividend

should be maintained.

Smiths Industries, the aerospace and medical equipment maker, is expected to turn in interim pre-tax profits of around £45m (£50.7m) and an unchanged interim dividend of 3.5p on Wednesday.

Investors will be keen to hear whether Smiths is closer to sewing up a partnership agreement with Collins Avionics, a division of Rockwell International of the US.

The UK's struggling hotels will take the limelight on Wednesday when both Forte and the Savoy Group report full-year results. Forte is expected to announce pre-tax profits sharply down from 1990's £100m, with estimates ranging from £73m to £78m. The Savoy could drop from last year's £10.3m to £2m. The coming year should be much better, particularly with the prospect of an upturn in business travel after the UK election outcome.

## COMPANY NEWS SUMMARY

## TAKE-OVER BIDS AND MERGERS

Company	Value of bid for shares	Market price	Price before bid	Value of bid	Sticker
Prices in pence unless otherwise indicated					
Lawrence (W)	35285	331	321	25.75	Raine Inds.
Messing	55	55	55	0.1	Lloyds Chemicals
Perry & Giles	30458	295	235	29.33	Bowthorpe
Polymark Int	37	36	34	4.33	Polyfinance
Do. Ptd. A	164 1/2	163	131	5.06	Redland
Steadley	453	476	177	707.94	Petroleum
Wilsons (A)	182	158	137	28.75	Petroleum

\* All cash offers. Cash offers. For capital not already held. Share conditions. \* Based on 2.20 pm prices 10/4/92. 1st situation. \$5/shares & cash.

## PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings per share (p)	Dividends per share (p)
AMEC	Dec	9,900 L	(83,400)	(20.8)
Ashley (Leam)	Jan	2,700	(5,700 L)	(45.0)
Atlas Cementing	Dec	5,670	(6,510)	55.0
Avon Petroleum	Dec	8,720 L	(739)	(0.1)
Balfour Beatty Tech	Feb	404	(2044)	0.36
Blockways	Dec	1,060	(3,280)	2.48
BLP Group	Dec	2,500	(198 L)	(-)
Boddy & Co	Dec	11,500	(10,550)	27.8
Boswell & Harries	Dec	4,000	(3,250)	60.0
Bourne End Props	Dec	1,420 L	(2,210 L)	(-)
Brabant Res	Dec	4,820 L	(394)	(-)
Braxator	Dec	5,200	(11,400)	14.7
Brilliance Group	Dec	690 L	(631)	(3.5)
British Dredging	Dec	2,470	(3,450)	9.89
Cairn Energy	Dec	27,800 L	(334 L)	(-)
Chapman Racecourses	Dec	64	(84)	8.49
City Centre Repts	Dec	9,100	(10,000)	3.79
Claydon Props	Dec	20,600 L	(36,100 L)	(-)
Cooper Clarke	Dec	128	(274 L)	0.8
Coastal Group	Dec	69,200 L	(5,500)	(-)
CSG Int'l	Dec	554	(874)	5.15
Debenhams	Dec	2,110	(5,410)	8.1
Devlint Group	Jan	4,130	(3,020)	2.71
Dunlop House	Dec	1,050 L	(107)	(0.79)
ERG	Jan	3,060 L	(84 L)	(-)
F&O Hidge	Dec	2,200	(8,100)	13.02
Fortnum & Mason	Jan	2,120	(2,090)	327.0
George Weston Foods	Jan	49,300	(49,300)	(-)
Grampian Hidge	Dec	11,200	(13,065)	12.8
ICI	Dec	70,000	(112,000)	(-)
Independent News	Dec	7,970	(9,990)	18.8
Invesco Min	Dec	14,500	(18,900)	2.3
Isoco Hidge	Dec	3,380	(3,580)	8.18
Johnson Group	Dec	1,050	(5,850)	28.5
Kingspan Group	Dec	2,600	(3,600)	7.5
Magnolia Group	Dec	401	(1,060)	4.65
Maggitt	Dec	23,500	(23,500)	8.8
Next	Jan	12,300	(40,700 L)	3.98
NMVT Computers	Dec	207 L	(413)	(1.3)
Norfolk	Dec	2,200	(1,470)	17.1
Norwich Union	Dec	267,700	(47,700)	(-)
Owen Group	Dec	51,000	(48,000)	24.6
Parsons	Dec	66	(112)	0.79
Pittman	Dec	3,510	(2,000)	17.2
Prodent (Alexander)	Dec	40,000	(46,000)	45.5
PSI	Dec	2,200	(560)	(1.19)
QS Hidge	Jan	7,790	(7,150)	12.6
Quatro Group	Dec	4,000	(4,000)	18.0
Quintessence	Dec	90,400	(94,100)	7.58
Railstone Bros	Dec	14,300	(2,920)	54.5
Richardson	Dec	1,020	(1,400)	9.18
Scottish TV	Dec	8,600	(11,230)	23.0
Severfield-Hewes	Dec	330	(1,850)	4.2
Sherrard Group	Dec	14,300	(1,850)	1



## FINANCE AND THE FAMILY

## Can the battered Tokyo market recover

Emiko Terazono talks to experts who believe the Nikkei can bounce back and Philip Coggan looks at the risks of investing in Japan

IN SPITE OF yesterday's 7 per cent jump in the Tokyo stock market, recent sharp declines have battered confidence and left investors holding Japanese stocks shell-shocked.

With the Nikkei stock average 57 per cent off its peak in the late 1980s, the main question is whether the time is ripe to buy Japanese stocks, or whether share prices have further to fall.

The Nikkei stock average is at levels last seen in the mid-eighties, the period before the "bubble" of asset inflation in the stock and real estate markets in Japan began. Considering the strength of the economy and corporations, a further fall in share prices could make Japanese stocks look cheap.

Most fund managers and brokers agree that shares are fairly valued at "pre-bubble" levels. The bottom for the current decline is projected in the 13,000 to 15,000 range and many predict that a rebound of the market will be sharp.

Some fund managers believe that the scope for Japanese shares to fall far from current levels could be limited. Harry Lange of Fidelity Investment Management in Tokyo says the actual risk in buying shares has significantly reduced. He adds that it is easier to buy than to wait for a rebound, since a recovery, once it starts, could be quick.

However, given the pessimism prevailing in the market, it will take courage to jump in. Andrew Ballingall of Barclays de Zoete Wedd in Tokyo warns that the Nikkei average, which has gone from one extreme of late 1980s, may fall to the other - as low as 12,000 - in the next few months.

On the other hand, Ballingall

says that, since there will be little time to jump in once a rally starts, investors should start considering buying at current levels and buying on declines. On a 12-18 month view, buying shares below the 20,000 level should offer favourable returns.

Looking at economic fundamentals, the "doomsday scenario" of the Japanese economy put out by some pessimists may be overdone. The Japanese economy grew 3.2 per cent in the fourth quarter of 1991 and most economists do not expect a negative figure for this year.

Employment grew by a year-on-year 2.3 per cent last month, and the unemployment figure is low at 2 per cent. Profits at Japanese industrial companies are expected to pick up from the middle of the year. According to Chiharu Shima at UBS Phillips & Drew, profits for 300 listed companies (ex-financials) are expected to grow 1.7 per cent for the fiscal year ending March 1993.

The main culprits of the recent falls in share prices are the bank and speculative issues. The plunge in bank stocks seems to represent the ongoing asset deflation in Japan's financial and real estate markets.

Bank stocks were heavily bought in the past few years as they were seen as leading beneficiaries of the sharp rise in stock and property prices in the late 1980s. The popularity was supported by heavy unrealised gains on cross-holdings and increased profits from property related lending.

However, falls in the stock and real estate markets have undermined the banks' capital value, and most financial institutions face a rise in bad debt from real estate related loans.



As in the UK and US, the problems the financial institutions face will probably take time to solve. However, the end of the asset speculation, also represented by the sharp declines of speculative issues, will mean a healthier stock market.

"The market is shedding the excesses, and seeds for a healthy stock market have been sown," says Chris Grubb, general manager of Jardine Fleming Securities in Tokyo.

The fall of the Nikkei is the third, following those in April and October 1990. Three of the four post-war bear markets experienced three sharp downturns followed by rapid recoveries. If the pattern repeats itself, the market could rebound in the near term.

The Nikkei could see further declines within the next six months but, with the US stock market looking overvalued and European markets facing higher interest rates, on a mid-

term view, some argue that Japan is worth considering.

Jason James at James Capel in Tokyo says that, since Japanese industrial shares are at their cheapest levels against US and UK counterparts for 20 years, buying Japanese investment funds weighted in the manufacturing sectors is a wise choice.

The price-to-book ratios, which indicate a company's share price relative to its net asset value, have fallen sharply

for industrial blue chip companies. For example, the consolidated PBR for Nissan, the car maker, is at 0.83, while for Hitachi, the electronics group, the figure has fallen to 0.91.

Small companies, which tend to grow faster in a recovery and potential beneficiaries of structural changes and deregulation, may also offer favourable returns, according to some experts.

BRITISH PRIVATE investors should confine any Japanese equity purchases to the "risk" element of their portfolios.

It may well be that the bullish arguments advanced by some fund managers in Emiko Terazono's piece (left) prove to be correct, although many experts were also arguing that Japanese shares were cheap when the Nikkei index was at the 22,000 level.

But with price-earnings ratios in the high 30s, Japanese shares are effectively valued at three times the ratings of British shares.

Before the crash of 1987, it was frequently argued that p/e ratios were irrelevant to valuing Japanese shares. The British investor, however, has a right to be cautious about such arguments. The rewards of backing Japanese shares at current levels could be high, but so are the risks.

Anyone prepared to take the plunge should opt for a collective fund which can provide the diversification and investment expertise necessary for an overseas market. There is a wide range of Japanese unit and investment trusts to choose from. There are 87 specialist Japanese unit trusts and a further 51 Far Eastern funds which include a Japanese element.

Of the Japanese-only funds, a number have managed to produce consistently above average performance. The following are in the top half of the sector over one, two, three, five and seven years: Baillie Gifford Japan; Baillie Gifford Japan fund; EFM Smaller Japanese Companies; James Capel Japan Growth; Schroder Tokyo; and Stewart Ivory Japan. Schroder Tokyo is the top performing fund over 10

years; and its Smaller Companies fund is top over three, five and seven years (although it has slipped in the past year).

The strength of smaller companies shares has held against the indexed funds but some investors might be tempted by the tracking funds from the likes of James Capel and Morgan Grenfell.

There are six specialist Japanese investment trusts of which Baillie Gifford's Shin Nippon has done best over three and five years; GT Japan is the top performer over seven years.

All the collective funds have suffered in tune with the Tokyo market in the 1990s. No Japanese unit or investment trust showed a gain over one or two years; only six funds managed a profit over three years. The average unit trust in the area is down 28.5 per cent over three years, even with income reinvested.

Only over 10 years can the real benefits of Japanese investment be seen, with the average unit trust showing a gain of 32.1 per cent (after-tax and with income reinvested). That compares with a 30.1 per cent rise from the average UK growth fund.

Most Japanese trusts are not really suitable for Personal Equity Plans. First, the rules limit such non-EC PEPs to £1,500 per tax year. Secondly, yields tend to be low in this area (the average for the investment trusts is such 0.8 per cent). The income tax savings are therefore likely to be low and those who can only invest £1,500 in a tax year would not expect to face capital gains tax difficulties.

E T

P C

## Investment fillip for Peps

PERSONAL EQUITY PLANS underwent a volcanic shift this week, even though the nation opted for continuity.

From the start of this week, investors have been allowed to fill a £5,000 unit trust PEP with unit or investment trusts (unless the trusts have predominantly non-EC content, in which case the maximum PEP investment remains £1,500).

Fears about the election seem to have moved many investors to do so - big houses such as Fidelity, Save & Prosper and Invesco MIM all reported that business had been much brisker than usual for the first week of the tax year.

Those who bought a Pep this week, on the apparently muted thinking that it was a good idea to dive into equities immediately before a Labour government took power, will now be feeling rather smug. Yesterday's elated stock market reaction, however, has not dampened many analysts' expectations of strong equity gains in the next nine months. And that makes the opening offer discounts available from some managers all the more enticing.

Schroders and Fidelity are offering a 1 per cent discount on unit trust Peps until May 29. Scottish Widows has a similar discount until April 30 in a range of three Peps.

The tax advantages of Peps mainly apply to those investing in income, but "Recovery" or "Special Situations" trusts, which aim for capital growth, may appeal to those who believe that the economy will now grow sharply. The combination of tax advantages, low charges, and the broader diversification of unit trusts, means that fund managers now have a potent alternative to life assurance-based products.

Understandably, fund managers rushed to offer their new 25,000 collective investment Peps, with one, Schroders, even announcing within an hour of the chancellor's speech on Budget day itself.

As £5,000 unit trust Peps are relatively cheap for managers to run, a sharp increase in Pep marketing by life insurance companies can be expected. The new Peps should have a number of advantages over the existing range of life assurance products such as single-premium bonds and endowments, on grounds both of performance and tax-efficiency, so this move should be welcome.

However, this does not necessarily mean the death of the existing "top-up" Peps, where managers offer investors their maximum £3,000 in a unit trust, and then supplement this with an extra £3,000 held in a "pot" of complementary equities.

Robin Berrill, managing director of Henderson, points out that most people who want to put £5,000 in an equity-based investment in one year would want the extra opportunity of holding some direct equities in any case. But he accepts that demand for top-up Peps will be reduced to some extent.

His company is offering the "3-Way Pep" for "sophisticated" investors. This allows an equally spread Pep invested in unit trusts, investment trusts and direct equities, or 100 per cent in either a unit trust or an investment trust. Marketeers might now try to sell plans as a financial planning tool, and package them in different ways. Peps could, for example, be packaged for school plans, or, in conjunction with term assurance, for backing up mortgages. Attempts to do this have so far largely been unsuccessful, mainly because direct equities are, rightly, perceived as a risk investment. Now, more strenuous Pep marketing can commence.

The ability to fund Peps through regular savings is also central to this new appeal, which explains why one measure in the small print has infuriated managers and could, they say, significantly dampen demand for this form of long-term saving.

Keith Crowley, marketing director of Invesco MIM, one of

the market leaders, was angered by the Inland Revenue's ruling that, from now on, all long-term regular savings plans held in a Pep should be formally renewed, with full documentation from the saver, each year.

He thinks this could have a "very negative impact" on the market for Pep saving plans, which have a tough battle against endowments, which are less tax-efficient but still heavily sold.

Crowley points out that the chances of losing Pep accounts through "inertia" are great, and that investors who have only held a plan for one or two years could be left with small, inefficient holdings. The Unit Trust Association also lobbied hard for a change to this rule. Julian Sherry, of the UTA, said: "It would be impossible to have the money coming in via a standing order, but leave the fund manager with no authority to invest in the plan until a signature had been obtained."

The Revenue relented slightly after hearing such complaints, and the rule will not now come into force until the beginning of the next tax year (1993-94). But it still wants to keep the rule, to guard against savers fraudulently taking out more than one Pep. Plan managers are likely to continue arguing for a change in the rules. They are wise to

do so. Now that they have at last been given the opportunity to show that they can deliver tax-efficient long-term saving vehicles, it would be a pity if this administrative glitch knocked them back.

Market conditions are now favourable. And even over the last ten years, collective trust savings schemes have beaten life assurance endowments.

According to figures from Microplan, if you had invested £50 monthly for ten years in the Law Debenture investment trust, the investment would now be worth more than triple the total money paid into it. If held in a Pep, no CGT would be paid on it. Law Debenture, an independent international generalist trust managed by Touche Ross, is the best performing investment trust savings scheme.

Meanwhile, endowment returns look less healthy. Pearl Assurance, which led last year's Money Management survey of endowments over ten years, is now offering a payout of £7,561 for those who have saved £3,600 in premiums - only just doubling investors' money.

It would be a pity if administrative red tape barred the way to the highly efficient saving which Pep savings schemes now offer for another five years to come.

John Authers

## Zeros lead investment trusts

RECENT investor enthusiasm for split capital investment trusts may seem justified by tables comparing share price performance.

Over three years, the two best performing shares have been zeros, which have benefited from positive and negative factors. On the plus side has been the fall in interest rates, which causes zeros, like bonds, to rise in price. On the negative side, the poor performance of stock markets in general has led investors to seek the relative security of zeros. Zeros pay no income but have first claim on the assets of the trust when it is wound up.

Over seven years, two of the top five performers have been income shares, which have benefited from positive dividend growth (until 1991-92) and by private investor demand. Income shares usually involve the risk of capital loss as the trust approaches maturity.

Indeed, the chances are that whatever the market circumstances, some kind of split trust shares would be top of the listings. Were we to see a sharp bull market, then capital shares would top the tables.

The problem for the private investor is to divine which class of split trust shares is set to profit. Buying the wrong class could result in very poor returns. Capital shares have fallen by an average 20 per

cent over the past three years, for example. But some might believe that this week's Conservative victory will herald a revival in capital share prices.

Those who prefer to buy trusts with a simple structure have done best to keep their money overseas. The average UK general trust has fallen by 4.9 per cent over three years, compared with a 25.2 per cent rise for international general trusts. Over seven years the figures are more evenly balanced - 13.6 per cent versus 13.7 per cent - but still favour the internationalists.

Some geographical specialists have done even better. Wall Street's strength has meant that American trusts are best over three years (an average 52 per cent rise) with far east (excluding Japan) trusts proving to be the top geographical sector over seven

years (a 227.1 per cent increase).

Over-specialisation can be risky. Investors in the Korea Europe fund, for example, have suffered a near 87 per cent decline over the past three years; the Singapore SESAQ fund is 42 per cent down since April 1989. Many of the European single country funds have fallen by 25 per cent or more over the last two years.

The international general trusts have the benefits of

greater stability. The sector average shows positive returns over one, two, three, five and seven years. Experts tend to agree that such trusts are the first port of call for the private investor.

Top international trust over seven years, with a rise of 211.5 per cent, was Law Debenture, with Bankers second and Foreign & Colonial third.

Philip Coggan

## Best investment trust shares over 3 years

Trust	% gain
TR Tech Zeros	75.1
Exmoor Dual Zeros	70.9
Fleming American	55.9
EFM Dragon	54.8
American Trust	52.1

Source: Fidelity. Mid-market to mid-market with income reinvested.

## Best investment trusts over 7 years

Trust	% gain
Capital Gearing	358.8
Throg Dual Inc	315.7
Canadover	294.4
Whitbread	287.1
New Throg Inc	271.3

Source: Fidelity. Mid-market to mid-market with income reinvested.

## EXECUTION-ONLY STOCKBROKING

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## DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED &amp; US\$)

Company	Sector	Shares	Value	No of directors
SALES				
Brake Bros	FdRe	455,000	1,947	1
British Polythene	Pack	5,000	20	1
Scunior Bros	FdRe	18,000	280	1
Greggs	FdRe	183,000	716	1
Health (CE)	InsB	12,236	46	3
Iceland Frozen Food	FdRe	5,400	25	3
Incipack	BusE	373,351	2,133	3
MacDonald Martin A	Grow	3,500	21	1
Macfarlane	Pack	13,000	23	1
Mercury Asset Mgmt	OHF	67,888	212	1
Micro Focus	Elms	420,000	8,032	2
Morrison (Wm) Spmk	FdRe	102,800	335	3
NFC	Tran	110,400	249	3
Reckitt & Colman	Hth	80,817	388	3
Servomex	OHF	203,070	363	2
Schroders (N vlg)	Merc	135,000	1,215	3
Spring Ram	EdMa	440,000	625	1
Sussex	EdMa	175,333	653	4
Syltore	EngG	333,159	833	1
Transport Dev Grp	Tran	10,000	25	1

PURCHASES				
Automated Security	BusE	173,000	147	1
Bimex Industries	Misc	100,000	49	1
Bogod Group	EngG	90,701	29	3
British Land	Prop	250,000	457	1
Brumby Int Trust	InTr	18,000	30	1
Firth (GM)	Mef	500,000	143	1
Fit Portland Est	Prop	75,000	105	1
Hazlewood Foods	FdMa	820,000	1,086	1
Jacobs (JL)	Tran	365,000	98	2
Lightship	OHF	40,000	25	1
Radius	Elms	250,000	80	1
Schroders (N vlg)	Merc	51,000	459	1
Sharpe & Fisher	EdMa	27,005	25	2
Suter	OHF	25,000	25	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 30 March/3 April 1992.

Source: Directus Ltd, Edinburgh



## MINDING YOUR OWN BUSINESS

## An old craft faces modern economics

IN A somewhat rundown six-storey former bag warehouse in the London district of Hackney, machines like giant mangles press sheets of paper. The printer, wearing a white apron, is surrounded by inks, cloths, and rather primitive-looking tools. While the image is a little Dickensian, the economics are not. One large set of paper sheets generated by this seemingly antiquated workshop recently sold for £180,000. And the presses are not churning out banknotes.

Printer Edward Edgerton-Williams and his studio work almost exclusively for Editions Alecto, a tiny family-owned publishing house claiming to be the only one in Britain producing limited edition, hand-coloured prints from 18th and 19th century plates etched and engraved with historically important images.

These include sets of prints of the plants collected on Captain Cook's first voyage around the world in 1769-71, all produced from the original copper plates made in the 1770s. Others are the bison and Red Indian-strewn prints made from the original plates depicting

the 1830s travels, in north America, of Maximilian of Wied-Neuwied, a German prince with a taste for exploration. Exact facsimiles in the original Norman, Latin and English of the *Domesday Book* are also in "production," using modern lithographic printing techniques. Almost all of Editions Alecto's work is done in close collaboration with the

actually did that because I thought it would be a wonderful peg for hanging a modern series on to. Since then, we've rather got to like historical series."

The Studholme family are the sole shareholders, though for Editions Alecto's next project - reproduction of prints of the *Tales of Chaucer* held in a Californian museum - the

Book editions, encased in ancient oak, bound in goatskin, is a snip at £7,500.

The company's biggest cost is printing, reflecting meticulous preparation and reproduction. The steel or copper plates, usually unused for more than 100 years and suffering acid damage caused by the environment and their protective wrapping, must be restored.

Ink is made from tinted products and dried pigments, mixed with boiled linseed oil and rubbed into the etched or engraved lines.

The plate is then placed face-up on a press bed and specialised paper is placed on top. The press forces the paper onto the plate, pulling the ink from the etched lines. After each roll through the press, each plate must be cleaned and re-inked.

Then comes the hand water-colouring. For Bodmer's *America*, 90 per cent of the work involves water-colouring, each print absorbing four to 14 hours of hand-colouring. The final master proof for each print is inspected by the museum owning the plates and stamped once it is satisfied.

There is a high chuck-out rate. "I would say that, last



Publishing the past: Joe Studholme of Editions Alecto with a fresh print from a Bodmer plate

About 40 per cent are museum and public libraries. Most of the rest are wealthy individuals interested in botany, exploration or printing. Some also buy as an investment. The price of *Florilegium* has risen from the original \$45,000 to \$150,000.

"It's a funny business, really," says Studholme. "The things we produce may be wonderful but you yourself have to visit people who show an interest. You can't sell it through the mail."

A large chunk of customers are in Australia and the US. The company has retained its level of sales over the past few years, but the recession has hurt. "It has shrunk the market enormously, though temporarily. Museums have had their acquisition budgets slashed and private donors are not making up for it. We've sold 30 of the Bodmers but by now we were expecting to have sold another 30 out of the 125."

A number of projects are under consideration, apart from Chaucer. One is to combine CDs with videos in educational and entertainment packages based on the company's vast series of prints and the *Domesday* facsimiles.

"We are very keen to do this because so far we have not been successful in developing a bread-and-butter part to the business," Studholme says. "We want to exploit the intellectual property rights we hold."

■ Editions Alecto, 46 Kelso Place, London W8 5QG. Tel: 071-937-6611.

## Cottage industry communicates fax of life

Clive Fewins finds new technology and a new idea beneath a thatched roof deep in the Devon countryside

its first year in business last month.

It all started three years ago when, as a result of their marriage, Mick and Maggie found themselves with two cottages, one in Penstemon and one in nearby Colebrook. The alternatives, when they combined their families, were to continue letting the "spare" cottage as a holiday property, or selling it, or using it for some other purpose.

Mick, who is 42, had worked for Post Office Telephones and then British Telecom; he was already earning his living from his front room doing systems

work and computer consultancy, bringing in about £10,000 a year. He was just able to service the remaining £42,500 mortgage and support the two of them and their three children, aged eight, six and one. Maggi had a background in marketing.

With an additional loan of £15,000 to renovate and convert the telecottages, the Walthos calculated that they could just afford to spend a year living off their savings while starting up the project. Forty pounds a week for 12 months came from the Enterprise Allowance Scheme. Mick was able to do

some more consultancy work while they were setting up. Maggi worked as part-time barmaid at a local pub, and took some secretarial work: this brought in about another £2,000. There was also some rental income from the last few months of letting the "spare" cottage to holiday visitors.

The Walthos, who put all their £18,500 liquid assets into the scheme, had an early stroke of luck when Canon UK and Borsari Computers agreed to support the venture in kind. Both offered concession prices on the purchase of computers and photocopiers, while BT

provided practical support in setting up the project. By March 1991, with overheads totalling no more than £13,000, they were ready to go.

The scheme attracted the attention of a computer consultancy in Okehampton, a dealership in Tiverton, a CAD specialist in Bovey Tracey and the East Devon College Information Technology Centre.

"We saw such a network as an umbrella under which telecottages and organisations with some overlapping interests could pool resources, share skills and workload and use as a means of marketing

their services," said Mick. Another advantage he saw in a Devon teleworking network was that it might provide a series of "work centres," where visiting businessmen could call and pick up faxes, electronic mail or other data. The plan is that, ultimately, the network should act as a sort of clearing house for business information and equipment, the cost shared by interested parties.

The official launch of the telecottage last October introduced Devon Teleworking to representatives of local businesses, councils, industrial development bodies and the

local media. Transferring most of their equipment to a nearby hotel, the Walthos demonstrated access to the European Community database, Prestel, advanced audio conferencing by satellite and desktop publishing, to an assembly of local farmers, BT officials and college lecturers.

They were also able to link up with some of the other members of the proposed Devon Teleworking network, and beyond. "Since then it has been all go," said Mick. "We expect to turn over between £90,000 and £100,000 in our first financial year."

The Walthos have been offered a trial contact with Reuters, the news agency which has a historical text scanning and indexing operation in nearby Tiverton. And this month Maggi hopes to become the new Colebrook and Penstemon post mistress - a position that has been vacant since the previous post office closed in 1990.

"We have also been asked by Post Office Counties Limited to be the community post office for the villages round here, and this should provide a valuable source of regular income for the telecottage," said Mick, who plans to be his wife's assistant behind the counter. "The first proper job I had when I left school was behind the counter at Southall post office. So, in a sense, it's back to square one."

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## TRAVEL

# Travelling modestly in troubled times

You don't have to spend a fortune on travel. Michael Thompson-Noel and Lucia van der Post report

**D**ETERMINED to celebrate the UK election result? Or worried by recession? More cheerful this morning - or less?

Paradoxically, the well-heeled traveller has never had so many luxury hotels, gold-card safaris or state-of-the-art cruise ships from which to choose - recession or no, writes Michael Thompson-Noel.

But perhaps you have vowed to economise on holiday costs this year. If you have, there is plenty of offer that is reasonably priced without sounding tacky.

Never one to leave its rooms empty if it can help it, Hilton International has been wracking its corporate brain for intriguingly cheap offers. Bird-watching weekends? But of course. Hilton UK has launched a series of weekend breaks for bird-watchers based at seven UK hotels and one in Holland, hosted by experts.

For example, there is a three-night May bank holiday break at the Hilton National, Swansea, May 22-25, incorporating visits to Skomer Island and the Gower coast, at £175 per person. And there is a four-day package at the Amsterdam Schiphol airport Hilton, starting August 28, which costs £275 each, including the ferry.

Hilton also recently launched its Weekend Hilton Style short-breaks brochure with prices starting at £42 per person per night. With an eye to the times, Hilton has introduced a special offer hotline to give details of late availability.

Perhaps you live in London. In which case, a really cheap holiday could be spent in London's Docklands. This may come as a surprise, but in the view of the London Docklands Development Corporation: "Docklands is already established as an important tourist destination, attracting an estimated 2m people each year."

Scandic Crown Hotels opened a 390-room hotel at Nelson Dock in Rotherhithe last year, and Britannia Hotels opens a four-star hotel on the Isle of Dogs next month. There are new restaurants and pubs, and the RiverBus is introducing a weekend service from

today, two new piers (St Katharine's Dock from Monday and Canary Wharf from early May), plus three new catamarans between now and June.

David Towell, LDDC's tourism manager, says: "A new market is being opened up on both sides of the Thames east of Tower Bridge as visitors come from all over to see what is considered to be the largest and most successful inner city regeneration programme in the world."

If you seriously want to travel cheaply, your best bet is probably *The Good Bed and Breakfast Guide*, newly published by the Consumers' Association and Hodder & Stoughton.

Since the last edition, say the editors, a significant number of b&b's have moved up market. There have been substantial price rises, but also increased comfort.

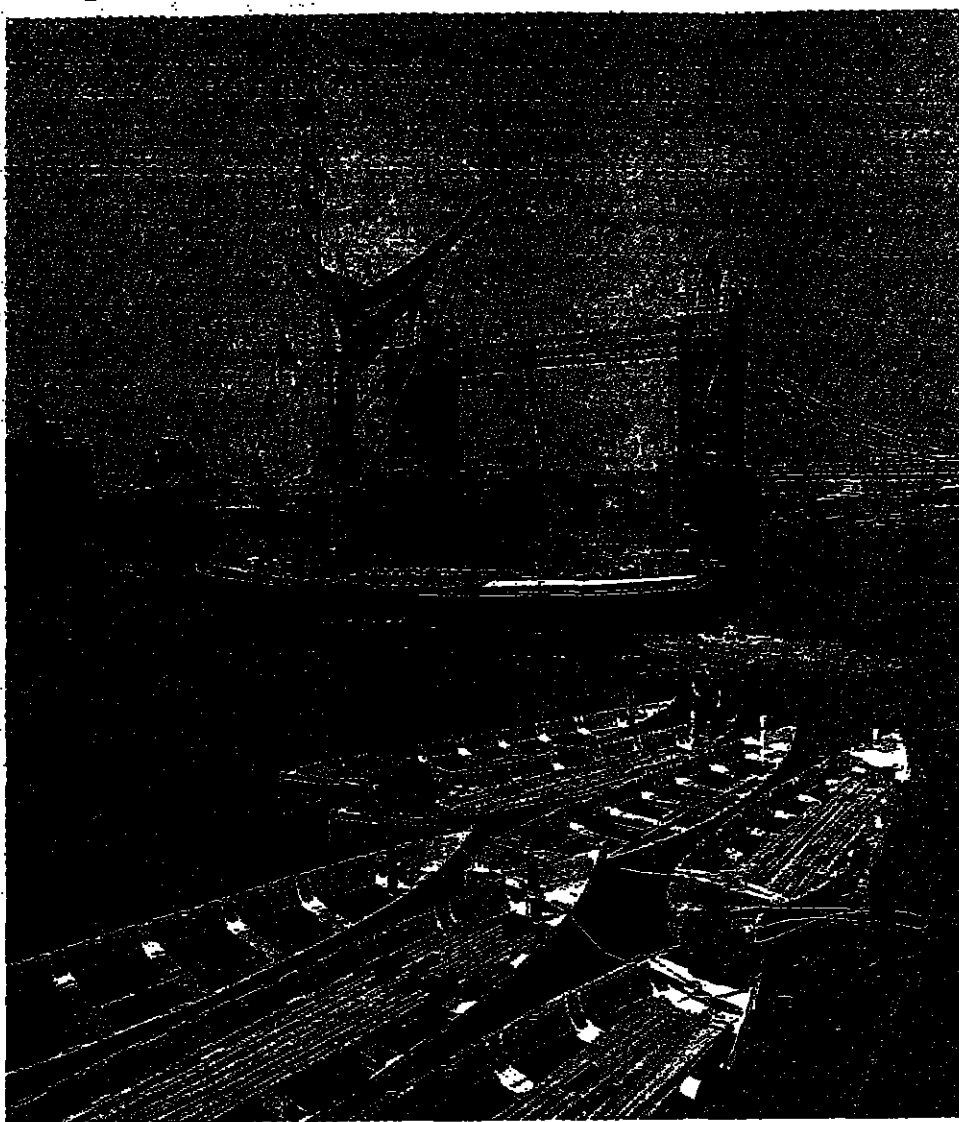
Generally, though, b&b's are still good value, and some have kept their price rises below inflation. Most cost less than £30 a night. The guide lists prices and number and types of room for about 1,000 b&b's, many of them, it says, in particularly attractive settings.

If you want to venture further afield, scan the classifieds or Oracle, or visit a good travel agent, for there are plenty of deals and discounts available.

To quote one at random, Sally Holidays' motoring short-break-of-the-month for April is a one-night jaunt to the Chateau de Montvillargenne in Chantilly which costs £144 for two people, including dinner (with wine), breakfast and return ferry crossing. The £144 relates to self-drive trips between Sunday and Thursday nights. Extra nights' b&b cost £96 for two.

In addition, Sally Holidays has just produced a new brochure of European short breaks, with prices starting at £55 per person for a one-night hotel break and two-night breaks starting at £87. The idea is to explore less well-known towns and country areas. The brochure has a wide choice of accommodation in hotels, inns and auberges in France, Belgium and Holland.

Because the travel trade is



London's Docklands: tourist destination in its own right

still under great pressure, there are plenty of special offers going, many based on late availability. Among travel companies, Hayes and Jarvis's prices are as competitive as anyone's.

Current H&J examples: Egypt: seven nights b&b in the Luxor Novotel for £299, second week free, or a seven-night Nile cruise for £379, second week in the Luxor Hilton free (departures every Thursday, May and June, Gatwick or Manchester).

Kenya: seven nights half-

board at the Shelly Beach Hotel, Mombasa, for £299, 14 nights h/b £399 (depart Sunday, April and May, Gatwick or Manchester). Malaysia: seven nights room-only at Ferringhi Beach, Penang, for £499, second week free, or seven nights r/o in the classier Casuarina Beach Hotel, Penang, for £599, second week free (depart Wednesdays and Sundays, April and May, Heathrow).

All these prices are per person in a twin room and are subject to availability. Hayes and Jarvis's special offers also

cover Cambodia, Thailand, Sri Lanka, Antigua, Jamaica, Barbados, Grenada, Tobago and Brazil.

■ Hilton UK, reservations, tel: 0923-233877. London Docklands Development Corporation, fax: 071-512-0777. The Good Bed and Breakfast Guide is available from bookshops or the subscription department, Consumer's Association, PO Box 44, Herford X, SG14 1SH, £12.95, incl p&p. Sally Holidays, tel: 071-535-2285. Hayes and Jarvis, tel: 081-749-3050.

THIS IS not my first time in India, writes Lucia van der Post. I have been before, a five-star traveller, sequestered from the heat, dust and crowds by air-conditioned rooms and luxury buses, by meals in Taj Mahals and Oberols.

This time is different. I am here to look at work projects among poor communities. Our food and accommodation will be paid for out of charitable funds and will be modest.

I only begin fully to realise what this means when I learn that for our group of nine there are just three rooms available at our first stop in Delhi. I lose my nerve and stay with a generous friend in the city.

The India International Centre, where the group is staying at about £12 a night, turns out to be the most luxurious stop of the tour. Next door to the Lodi gardens, to stay there is, it seems, a privilege conferred only by being sponsored by a member.

We soon learn that with the rupee at about 44 to the pound, everything, except internal flights and the top hotels, seems cheap. It is not long before we are spending like spoiled princelings. We wander down Chandni Chowk market, buying up khadi cotton tops in rainbow colours at £1.50, hand-embroidered cotton tablecloths from Madras, silk scarves from Orissa, wall-hangings from Rajasthan, wooden toys from Bangalore, beads from heaven knows where. The rupee is getting stronger by the minute.

Lunches are taken on the hoof - bunches of flavoured bananas, baskets of oranges and coconut milk, all at under £1 a head. One day we treat ourselves at The Gaylord on Connaught Place - lassis, biryanis, kormas, tikkas, naans, as much as we can manage for less than £5 each.

On our last night in Delhi, the group dines modestly in the club. I join my generous friend and an international banker for dinner in a grand hotel. In the middle of the night I am stricken - I reach for the immodium and somehow make it on to the plane for Bangalore. The rest of the group is in splendid health. In Bangalore we stay at the

Ashraya, an Indian-style mid-range hotel. Here I have my first encounter with cockroaches. "Don't worry," say my companions. "In the upper East Side in New York they can't get rid of them either."

I do the first of my room swaps and become acquainted with washing, Indian-style. Based on the (no doubt sound) principle that it is unhygienic to sit in dirty water, you either stand under a shower or contrive to use the large bucket and small jug that is provided to get clean.

In Mysore we stay in the cheapest hotel of the trip. The Park Lane, at 2720 Curzon Park Road, costs Rs80 (just under £2) a night. I am very fragile, and even the grey colour of what I think were once white sheets is not enough to stop me falling gratefully to sleep. I am woken by shrieks from next door as my companions meet their first cockroach.

## In India you'll need ear-plugs, bath-plugs and Marmite

In time we come to love the Park Lane. We take up the entire hotel and in the shady courtyard we chat, drink lime sodas and lassis, and those who are well eat plates of vegetable sizzlers for Rs25. Later, when I am well, I dream of those vegetable sizzlers...

Every day we find new pleasures that cost little or nothing. Every village has its market but the one at Mysore is special. We spend a morning there, stunned by the sounds, smells and images. Just being there is enough.

We learn that the needs of modest travellers are very different from those of five-star travellers - ear plugs (Indians seem impervious to noise and nothing cheap is ever quiet), bath plugs and toilet paper are essentials. Clean pillowcases, baby-wipes, water-biscuits and Marmite (for when you are feeling fragile) are optional extras.

Near Vellore we have our

loveliest day among rural villagers who are poor but seem not to feel it. We look at their basketwork, visit houses, are fascinated by the vitality and evident happiness of the children, eat supper in the community centre and ponder why it is that they smile more often and more sunnily than anybody we know.

In Madras there is a mini-rebellion. Even sweet-smelling roses cannot console two of our number, the peeling wallpaper, more grubby sheets, a cockroach emerging from the water-biscuits, the noise from the Nungambakkam High Road has them almost in tears. A bottle of (Indian) champagne in the Connemara hotel and a flit to three simple but clean double rooms with bathrooms (Rs250 a night) in the Residency Centrepoint. Guest House at 187 Kodambakkam High Road (gleamed from the modest travellers' bible, Lonely Planet's *Travel Survival Kit*, India, £13.95) did the trick.

Modest travellers should budget for occasional treats. Some of us were ready to kill for a bacon sandwich. I began to hallucinate about a cold glass of Chablis and a salad Niçoise.

But what about the poor, I hear you say, how did you cope? I am left fumbling for something adequate, or at least not banal, to say. We bought bundles of small rupee notes and learned to be discreet about giving. In Bangalore, overcome by the sight of a blind young man, the age of my son, shuffling across a street, I pushed some notes into his hand. Out of nowhere came a hideously deformed beggar, and then another... and another. I gave them all the notes I had and still they came.

I cannot do better than quote Mark Tully's opening words in his new book (*No Full Stops in India*, Viking, £16.99) about how his guests cope with the poverty. They "expect the taxi-drivers to take them back to their hotels whatever hour of the night. Before leaving, they will check the fare with me to make sure the taxi-drivers do not get a few more rupees than they are due."

## Wild times when the Little Doctor cuts up rough

Michael Wigan gets close to nature in Canada's northlands

**W**ILDERNESS travellers exchange the previously learned for the recently learned. They go to new places to summon old reflexes, atavistic instincts.

Take Little Doctor Lake in the Nahanni range of Canada's largest and most northerly province, Northwest Territories. Far across the expansive flats west of the Fort Simpson Indian reservation rises a range of ancient white mountains 70 miles long, towards the north end of which is a geological anomaly.

The range has been cleft asunder so violently that the lake which bisects the mountain range, Little Doctor, is over 700 ft deep. The lake is lightbulb-shaped, the bulb spreading over the eastern

steep-clad plains, the neck sticking out the other side into the foothills of Canada's most dramatic national park, the Nahanni.

Nahanni park is where I was meant to have been, goggling at the 5,000 ft vertical canyons of the Ram river - deep, rimmed caves strewn with 10,000-year-old mountain sheep carcasses - and that mad canoeist's dream-fantasy, the Virginia falls, a waterfall that dwarfs Niagara in height.

But rigid scheduling is inimical to Canada's outlook. My host was a province away fighting forest fires (a civic obligation in Canada's northlands), and my 12-year-old son and I were sleeping down on to Little Doctor equipped with those two wilderness necessities, a latch-key and a bag of groceries.

The cabin stood off the water-edge in the trees. A rough lawn had been sown in front, on which stood a skin-drying rack. Flensing instruments made of bone and spades hung on the wall.

Two boats were hauled up, one aluminium with a 20 hp outboard, the other a two-man pink canoe. The facilities included an outdoor "long-drop" toilet, three gas canister cooking-rings, a table facing the lake, shelving, and a loft in which squirrels were busy disembowelling the insulation (later they turned on our supplies).

As the floatplane's engine

droned into silence, a new wave of sounds flowed in. Unconsciously, I began sorting one from another: the rusty bickering of the squirrels, the gentle belling of a blood-hungry mosquito, splashing lake-water, then, at 4am, a bear crashing through the undergrowth.

The nearby sandbar was a visitor's ledger of recent traffic. Here were footprints from the big moose, such a heavy animal that even he waded the waterline its deep tread persisted a day later. The bear's deep-digging claws were unmistakable. Beavers had lopped trees and saplings randomly, and along the surf-edge were dragonfly corpses and the bodies of little silver minnows.

The neighbourhood wanted

ping her front-like ears, small eyes gazing steadily as we slid up to her. She tore foliage off the saplings and her hind leg lifted to scratch her flank in complete unconcern.

That first day, nature swarmed at us thick and fast. The haunting cries of a great northern diver echoed round the water, and then he surfaced so close by our paddles that I could see his red eye. Sandpipers apparently fearless of man skittered in front of our boots on the spindrift.

We paddled into the forbidding chasm, awesome cliffs on one side and a shale apron below rock ramparts the other, to get a closer view of the mysterious Dall's sheep. These shy, white, high-legged mountaineers eke out a living above the

second by second, with grit off the rockface stinging our faces.

This country produces its own characters, shapes them. On a lake further north a hardened bush-hand spent his living ferrying mail-order wives into his isolated cabin. One begged to be released after a single day; a more stalwart candidate visited for two summers. I met 92-year-old Gus Kraus, a strong-shouldered fur-trapper who knew the ways and foibles of wolverine, beaver, otter, muskrat and lynx: also of marten, of which he used to catch up to 300 in a season, at their peak valued at \$1,000 (\$245) a pelt.

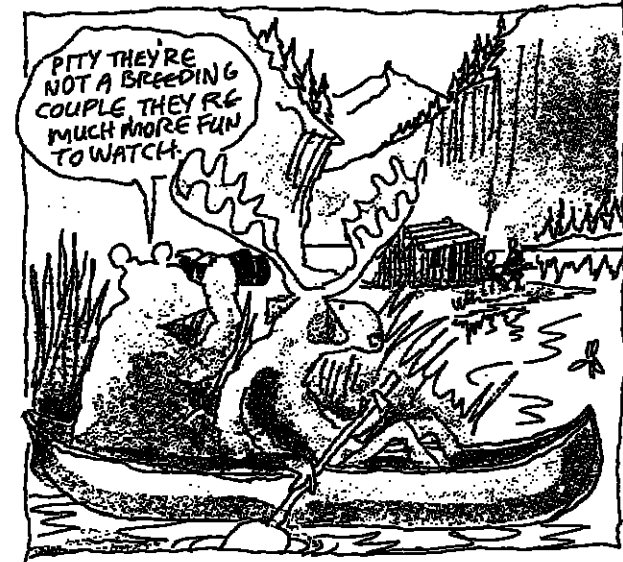
I recalled hooking pike out of the lake of over 40 lbs, and shooting them with a .22 as they came into the shallows. Little Doctor, he told me, was called by the Indians Moving Water Lake, because of its deceptive current and freak winds.

Then there is the legendary, recently-deceased Albert Faille, a mechanic obsessed by the fate of two early prospectors found bound together without their heads, who left notes claiming to have fallen on the Nahanni river. Faille struggled for eight weeks upriver through the sheer Nahanni canyons and stayed for several years, an almost superhumanly arduous trip performed eight times, lastly aged 72.

His determination was kept alive by once having located the gold, a hoanza aborted when a woodpecker ate his prospecting map. The Nahanni park's pristine emptiness and untouched grandeur may owe much to that woodpecker.

We were evacuated, as it turned out, by the last aircraft that could have reached Little Doctor for several days. Clouds came down, rain came in, all in a season (August) usually clear and fine. Our bush senses were not tuned to red alert, but they had stirred.

■ From the UK, visits to Little Doctor, together with canoeing and rafting trips in the Nahanni park - anything, in fact, except finding the gold - can be fixed through Alistair McLean at Accessible Isolation Holidays, Midhurst Walk, West St, Midhurst, W Sussex GU29 9NF, tel: 0730-812535, fax: 0730-812926.



to know who this addition to the community was, dropped unceremoniously from the sky. The black bear which stood by in mid-afternoon had my son springing off the porch. The bear sniffed scent-traces on the trees unhurriedly by his large and finely-tuned proboscis, his fur gleaming glossy in the sunlight.

At dawn a female moose materialised on the water-edge over the glassy lake, looking our way. We boarded the canoe, wobbled furiously about, then commenced a slow approach. The prehistorically-proportioned animal stood broadsides, occasionally flap-

treeline. They say in Canada: If you don't like the weather, wait ten minutes. But you seldom have to wait so long. High winds and instant waves hit the mild pond calm with push-button suddenness. The temperature of over 100° F on the first day fell to 44° F by the second.

The chasm turned into a choppy maelstrom, the wind pushing along the whole face of the Nahanni bluffs, funneling into that one outlet, capable of throwing a boat in the air. Once we used the big motorised boat and in spite of flat calm only half-a-mile away, the chasm was roughing up nastily

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## HOW TO SPEND IT

# Life's just as nice at a lower price

Lucia van der Post on the rise of Recession Chic

IN THE US, where, they tell us, everything comes bigger if not better, the recession has triggered some serious role-playing. Even Julia Roberts, the *Los Angeles Times* informs us, turned up at a Hollywood do wearing a shapeless frock, no make-up and hair that looked as if she had cut it herself. Not, you understand, that she doesn't have other frocks in the closet, make-up on the shelves and hair that has been expensively given the "no-cut" look - but appearances, it seems, are all. The Look is The Message. Low-key chic is IN, never mind that economic lift-off seems to be under way.

Now that they are getting the hang of Recession Chic nobody seems inclined to change tack just yet. Ripped jeans, no make-up, tangled hair are all the rage. No need to fret and fiddle constructing the look yourself - buy it off-the-shelf. A designer called Jim Trenton, who I guess at this rate will not have to wear his own line for long, has taken the

sweat out of the whole business with his line of Poor Wear "non-attitude clothing". At America's most revered store, Nordstrom, it is selling the way sequins used to sell when they thought the champagne would never run dry.

Back here in the UK, where we never were quite so much into sequins and glitter, the swings and mood changes are less marked. But almost everybody knows somebody who is out of work, whose business has gone bust, whose bonuses have been axed, whose expenses have been cut. Subtly, slowly, attitudes have changed. Waste and excess have begun to offend. In circles where once champagne was the most common aperitif, today it is probably a New World sparkling wine; where once wardrobes were updated each season, today serious thinking goes on before another designer number joins the rack. Simpler pleasures are no less fun. Recession Chic has reached these shores.

WITH PRICES at a top London crimp going through the roof (well over £50 seems par for the course) those who do not fancy the "no-cut" unkempt

look could do what many a chic head does - book into a top salon at an unfashionable time and let a trainee (under supervision, of course) do the cutting. It is worth asking your hairdresser if he or she has a special rate and time.

In London, for example, Schumi, 16 Post Street, SW1 (tel: 071-235-3888) will charge just £20 for a wash, blow dry, cut and conditioning if you come (by appointment) between 10 am and 3 pm on a weekday and let a junior stylist (overseen by Heinz Schumi) do the work. Molton Brown, 58

South Molton Street, W1 has regular model evenings on Mondays at 5.45 pm when trainees wield the scissors, but appointments can also be made during the day. The price is £8 for a wash, cut and finish, but it usually involves some hanging about.



Chic dress

Those with a good eye and time to browse can risk sifting through second-hand shops and jumble sales, otherwise dress agencies do a lot of the sifting for you. Dozens of the dress agency world are Pandora at 16/22 Cheval Place, Knightsbridge, London SW7 (mostly mainstream designers such as Chanel, YSL, in excellent condition, suits, dresses, ballgowns and accessories at roughly half price, the seller gets quarter-price) and The

Frock Exchange, 450 Fulham Road, London SW6 (second-hand designer labels of all ranges - Arabella Pollen ballgowns at £20 as well as Next, Jigsaw and good quality Marks & Spencer). Sign Of The Times at 17 Elystan Street, London SW3 has more adventurous labels like Joseph, Edina Ronay, Zandra Rhodes.

Rokit, 225 Camden High Street, London NW1 specialises in vintage American clothing mainly from the 1950s - chiefly patronised by the young or for those looking for off-duty clothes. Look for original Second World War flying jackets and 1930s Levis.

The Designer Sale & Exchange Shop, 61D Lancaster Road, London W11 sells samples and seconds from the most recent season as well as second-hand clothes. You need time and patience to sift through the range but is well worth it.



Hearth and Home

The ethnic look that is currently so much in vogue is a great deal less taxing on the purse than the plush silks and satins of the faded country house school of decorating. However, it needs a little care to make sure the house does not end up looking like a cheap and cheerful souk - and not all ethnic shops are cheap.

Global Village, for example, is currently purveying a very sophisticated ethnic look at prices to match, but Habitat is now looking much revived and many of its wares are very affordable: thick, white wool rugs for under £100, director's chairs for less than £20, and straight-backed wicker dining chairs for £29 are all excellent value.

More good news for those furnishing on a budget is the opening next week of The Pier at 300 Tottenham Court Road, London W1. Though there has been a store in Richmond, south west London (now closed) for some time, the new store is far bigger and more comprehensive and aims to bring authentic craft products from around the globe to a mass market. When the shop opens (on April 15) nothing will cost more than £400 (the price of a rattan sofa).



Fabric

Now that simplicity is the mood and swags and ruffles are out of date, simple cottons, tickings and muslins make dressing a window a much less expensive affair. Many readers have found P.N. Jones Trading, Silk Merchants, of 18 Holly Grove, London SE15 an excellent source of inexpensive cottons, cheesecloths, silks and cotton rep.

Though The Conran Shop, 61 Fulham Road, London SW3 is generally considered by the impecunious to be out of their financial reach it is worth knowing that the fabric department sports some marvellous buys - there is Indian cotton handi at £4.50 a metre, in beige or white, seersuckers at £5.95, Supercot at £7.50 a metre and a plain oatmeal linen at £7.95.

If you prefer your curtains ready-made then scour the auction houses for textile sales. These often have marvellous fabrics which can be adapted to fit your own windows (remember, of course, to go armed with all the measurements you need and to examine the fabrics carefully before you raise a hand.)

The Curtain Exchange is exactly what it sounds - a place where customers may buy and sell each other's unwanted, cast-off curtains. What is available depends on what has been brought in - it



Cheap, cheerful and ethnic - from The Pier, Tottenham Court Road, London, which opens next week

Lydia van der Meer

may be a pair of simple checked gingham kitchen curtains or it could be a grand decorator's mistake.

There are now seven branches - two in London, at 133 Stephendale Road, SW6 and 54 Abbey Road, NW8 and ones in Boxford, Essex, Devizes, Wiltshire, Cheltenham, Glos, Hurstpierpoint, Sussex, and Tarporley, Cheshire. If you are selling you will get 60 per cent of the sale price; if you are buying you will find some wonderful bargains.

Curtain Shuffle, at 194 Maxwell Road, Beaconsfield, Bucks, offers much the same service. All curtains are guaranteed in excellent condition, sellers get 60 per cent of the sale price and all sorts of ancillary services, such as a valuation service and advice on cleaning. Alterations are also available.



Suits

A chap lucky enough to be in a good job probably needs a good suit if he wishes to hang on to it. While designer suits and M&S may well pass muster for many, for some there is nothing for it - a well-cut traditional suit is essential kit. With a Savile Row suit these days costing an average of about £1,200, it is worth looking at some of the other choices.

At Bernard Weatherill, 6 Savile Row, London W1X 1AF they are frank about how hard the combination of the recession and uncertainty over the future of hunting has hit them. "We have had a very rough time," says managing director Hugh Holland, gloomily.

In an attempt to garner the patronage of successful young professionals, "to keep our workshops busy" the shop is reducing prices across the board. So from now on you can order a pukka Savile Row suit for 17 per cent less than before (for £1,000 instead of £1,200) and anybody who hunts can have a hunting coat (made-to-measure, of course) for £725

instead of the usual £1,000.

Timothy Everest is a tailor who works from an old Huguenot house in Spitalfields - you walk through the door into a time warp and an older, less expensive world.

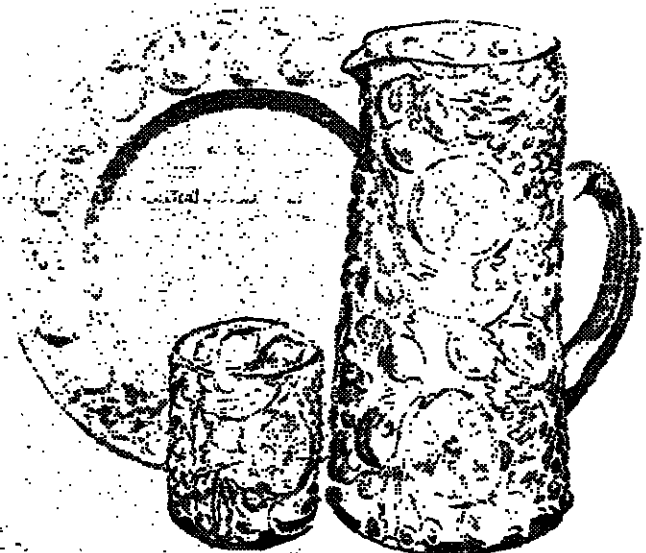
For around £550 (depending on the fabric) Timothy Everest will make you a proper bespoke suit. For £325 he will give you a made-to-measure suit with slightly less handwork but still fitted and cut in the traditional way. He is at 4 Finsbury Street, London E1 (tel: 071-377-5770).

Henry Ross and John N Kent at 11 Old Burlington Street, London W1 (tel: 071-734-2687) are proper traditional tailors who will make completely bespoke suits for about half the usual Savile Row price, largely by dint of keeping overheads down, turnover high and profit margins low. Prices start from £255 a suit.

Bertie Wooster of 284 Fulham Road, London SW10, which specialises in second-hand clothes, now has a new venture - dealing in unclaimed bespoke clothing. Hard times in the City have meant that unclaimed suits are currently languishing in several august Savile Row establishments. Rather than write them off completely they sell them to Bertie Wooster, which in turn sells them to its customers. Prices range from £40 for a blazer to £95 for a morning coat. City suits are somewhere around £75.

Redmayne is an old-established gentlemen's outfitters which due to its address (60 High Street, Wigton, Cumbria, tel: 06973-42221) is able to charge reasonable prices for high-quality work. Bespoke, Savile Row-style suits cost between £700 and £800 (fittings in Wigton, London or Edinburgh).

A popular service, though, is for Redmayne to copy a favourite suit, stitch for stitch, line for line, in a fine fabric of your choice for between £250 and £400. From June 1 both services will be available to customers in the US - ring John Underwood on 201-825-7800.



White dinner plate with fruit embossed border, £1.95; fruit embossed hand-made glass jug, £12.50; tumbler, £4.50 - some of the inexpensive tableware available from The Pier

## THE CLUB COLLECTION

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IT'S odd how BHS has never quite attained the status in the snob's vocabulary that is ascribed to Marks & Spencer. Recently it has been trying very hard and a trawl through the stores reveals lots worth looking at. Photographed here, for example, is a smashing floral night dress and matching wrap at just £19.99 for the night dress and £29.99 for the wrap.

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## PERSPECTIVES/FOOD &amp; DRINK

## Euro-Disney and the mouse that soared

A corporate empire built on rodent power opens its latest theme park near Paris this weekend. Nigel Andrews looks at its triumphs and the mounting challenges it faces

**F**ACED with mouse infestation, most people call the council or cumb the 'Yellow Pages' under 'P' for pest control. But year on year, the Disney empire was born in the 1930s, the world has stood by, dazed as a famous American rodent plants outposts everywhere from Los Angeles to Tokyo.

This weekend, when Euro-Disney opens its 5,000 acres of surreal estate 20 miles north-west of Paris, Mickey will unveil his most controversial venture. He and his colleagues hope for two things from the new theme park: that it will pull the Disney empire out of its first period of choppy fortunes since chairman Michael Eisner took over in 1984; and that even sceptical old-world Europe will put out a welcome mat, rather than a mousetrap, for America's most famous cartoon animal-cum-company logo.

The proportions of Euro-Disney are dizzying: \$1.2bn paid for it; a specially enhanced transport structure to feed it (including road/rail links to airports and central Paris); and six themed hotels with 5,000 beds to service it. Around 11m visitors are expected in the first year: a modest underestimate, by Tokyo Disneyland's standard, where a one-day world attendance record of 113,000 was set recently.

No other entertainment company in the world thinks in these statistical terms. Yet, Disney's special status has been long acknowledged. So has its classic American ragtime story, which started in a small Kansas City advertising office in the 1930s where Mickey, a real mouse prowling the unknown Walt Disney's floor (originally, he was named Mortimer - until a disliking Mrs Disney stepped in). From there grew a giant corporate ambassador for American ideals and values.

How dear Walt Disney's first-born was to his own heart was shown by the fact that he dubbed the mouse's voice; in later films did a smoker's cough lay him off. Yet, even a man who made so many early sacrifices to promote his hero-mouse, including selling his first car, a beloved Moon Cabriolet, and humiliating himself in front of

Louis B. Mayer ("Get that mouse off the screen!" was the movie mogul's reported response to the cartoon character), cannot have foreseen his company's status at the century's end. In a recent image-power survey, the mouse outfit lined up with Coca-Cola, Sony, Mercedes-Benz and Kodak as the world's five most highly-recognised brand names.

To the sub-teens, the age group expected to enjoy the company product most, the Disney name is well out in front. Sixty years of an expanding anthropomorphic menagerie - led by a mouse, a duck and, more recently, a rabbit named Roger - have peopled young imaginations with timeless characters. And Walt himself, when he battled sceptics to build the first Disney land in Los Angeles back in 1955, had the brainwave of sending his movie characters into the "real" world to mix with their fans.

The theme park tradition sprang up fully-armed in a small suburb called Anaheim. Since then, the company has created near-identical copies in Florida and Japan, where a few concessions in design policy to local taste and traditions are mixed in with the essentials: the Sleeping Beauty's castle; the adventure rides, including the incomparable Pirates of the Caribbean (Walt's favourite); the mock-up American main street; and the rumbustious parades in which larger-than-life Mickey and Minnie, plus Donald and Goofy and Pluto, drive by as if they were the president, first lady and retinue celebrating a daily inauguration.

Walt Disney would be delighted. Or would he? One thing Eisner and his motion pictures chief, Jeffrey Katzenberg, seem to have done since they took office after a fierce takeover battle is to turn Walt's Midas-touch mascot from a symbol of innocence into a tough critter who stands no nonsense. Mickey Mouse's company today is famed for its workaholic business hours ("If you can't come in on Saturday, don't bother coming in on Sunday," goes one apocryphal motto), its 10-

page memos, power breakfasts, penny-pinching movie budgets and stop-at-nothing litigiousness.

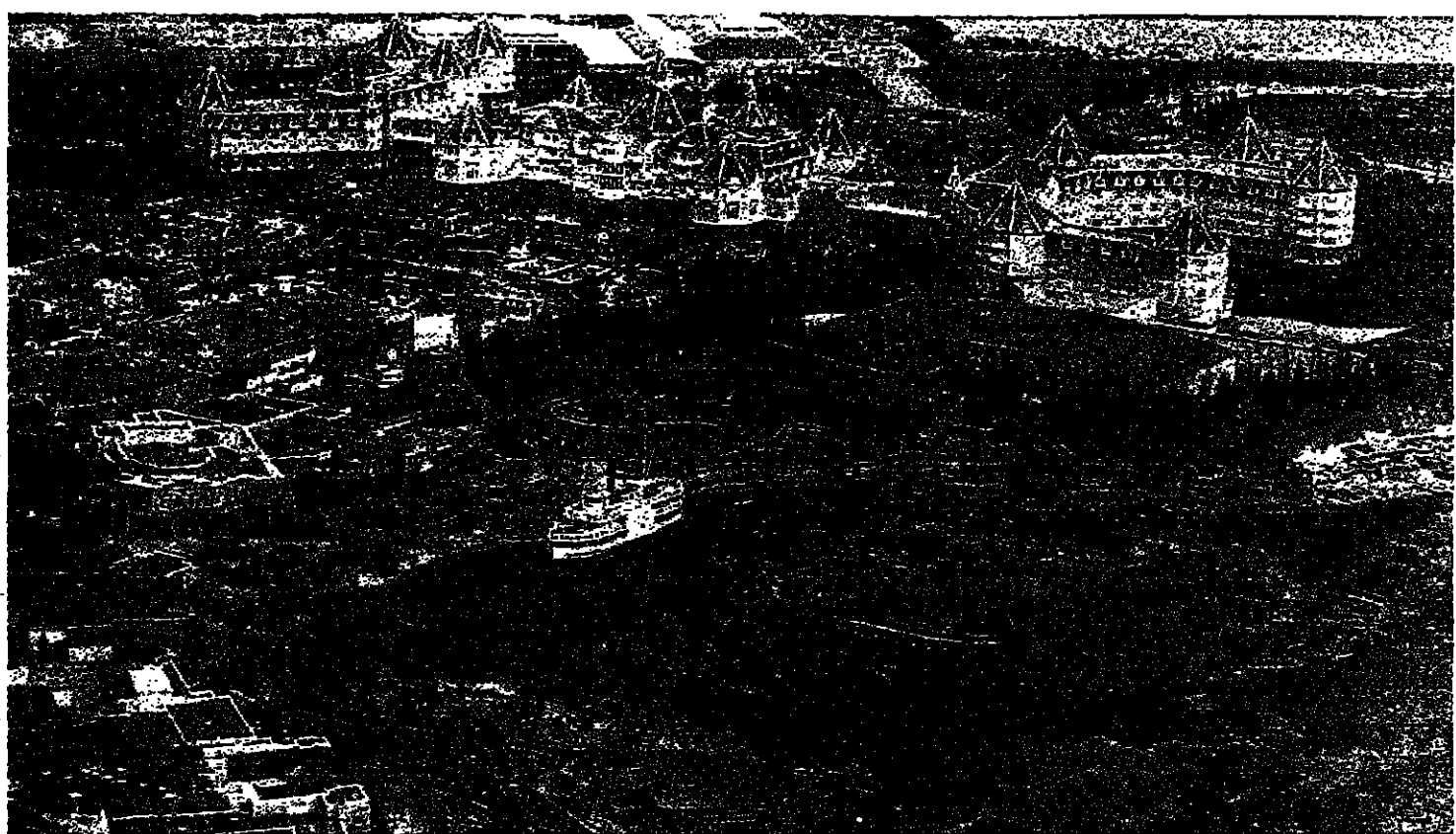
Since the mid-1980s, Disney has thrown lawsuits at anyone who threatens its wholesome image or copyrighted characters. Targets have included an Oscar-night production number in which actor Rob Lowe danced with a "sexy" Snow White, and a Florida day school that painted Mickey Mouse and company on its walls; the characters had to be washed off on Disney's orders. This opened the way for theme-park rival Universal, which scored a public relations coup by stepping in and painting its best-known characters, the Flintstones, on the walls. Rubbing salt (or sugar) into Disney's wounds, Universal also threw a party for the children.

"Innocence" is a hard act to sustain in the cut-throat business world. But a company that trades in squeaky-clean children's fantasies cannot be seen to go round clobbering its grown-up adversaries or playing Scrooge to its fans. As if sensing this, the boldest initiative Eisner and Katzenberg have taken is to widen the franchise so that there is a less merciless make-or-break focus on the kiddie-fare.

Developing production labels like Touchstone and Hollywood Pictures, they have opened up the Disney movie division to adult comedies and dramas. Films like *Down Out in Beverly Hills*, *Blaze*, and *Good Morning, Vietnam* - which would have been unheard-of in Walt's day - are encouraged vigorously. And Disney's single biggest hit of the year was a comedy about a prostitute, *Pretty Woman*.

Whether the founding father is spinning in his grave is a moot point. But then, the very expression "What would Walt have done?" was banned by Katzenberg in the early days of the Eisner regime. "I had a rule that that phrase was never to be spoken in my presence," says the studio chief. "The reason is that I had no idea - and nor did anyone else - what Walt would have done. We had to make up our own minds and follow our hunches."

Eisner himself stresses that the grown-up films are not a betrayal of the Disney heritage; they are a way



And all from a mouse... Euro-Disney, 5,000 acres of surreal estate which the company hopes will improve its choppy fortunes

of acknowledging that the company's earliest fans are now adults themselves and deserve their own line in movie entertainment. But these grown-up fans are less easy to second-guess for a company which has devoted its marketing expertise for six decades to pleasing the very young.

Disney had a year of box-office flops in 1991, culminating in the debacle of its "adult" gangster movie, *Billy Bathgate*. And although there has been a recent bounce-back, with films like *Father of the Bride* (\$80m) and *Hands That Rock the Cradle* (\$60m) pushing Disney back to the top of the Hollywood studio charts, periods of prosperity still seem to come from fluke hits rather than a sustained house style.

The second problem with grown-up films is that they supply nothing to the company's most important holding, its bestiary of well-loved cartoon or live-action characters. This bestiary in turn replenishes, or should, those mythological game preserves known as the Disney theme parks. With a small handful of exceptions like Roger Rabbit, the parks have not been re-supplied in decades. It could be a measure of Disney's anxiety on this front that it has acquired the late Jim Henson's Creature Factory (best-known for the Muppets).

"If character productivity at Disney increased, the company's stock would no doubt soar. The best news

it has had in recent months is the success of its Christmas-released animation feature, *Beauty and the Beast*. Shrewdly picking a French-origin fairy tale in the run-up to Euro-Disney, the company pulled out all stops and created a popular masterpiece. Crammed with memorable characters and quality animation, the film has spun block-long queues around American cinemas and became the first cartoon feature to win a best-film nomination at the Oscars.

Strength-in-depth - the cultivation of an expanding character menagerie - is one challenge for Disney. Strength in breadth is the other. As well as enriching its cast of characters, Disney must ensure that the entertainment dividends spread as wide as possible, with both the distribution of its films and the dissemination of its theme parks. The company's parks division had a bad year in 1991, hit by the recession and the after-shocks of the Gulf War, and is still under stress today.

The ever-present fear for Disney is that, one day, a temporary business slump will turn into a lasting thumbs-down for the company, that the mouse and his minions will simply become out-of-date, part of yesterday's culture. It almost happened

under Eisner's predecessor, Walt's son-in-law Ron Miller. He took over in 1966 after Disney died and guided the company through an almost catastrophic 18 years.

Attempts to carbon-copy some imaginary work-slate of the founder's resulted in insipid live-action feature films, like the endless adventures of Herbie the folkswagon, and low-energy animation features. But then, Disney's popularity as a company has been swinging up and down, albeit less spectacularly, ever since its first movie hit (*Snow-White* in 1937). Mickey and company were popular in the Depression-hit 1930s, out of favour during the Second World War, back in favour in the squeaky-clean, family-oriented '50s, and out again in the Vietnam-and-Watergate-battered US of the '60s and '70s. In the 1980s, they were riding high. But the 1990s are unknown and a menacing millennium is just around the corner.

There is no shortage of Disney detractors world-wide to assist in the company's descent from grace if ever they see it starting. In France, where the Sleeping Beauty's palace has risen to stamp the Disney signature on the skyline, there is dark talk of "cultural Chernobyls." The Minister of Culture says he will not attend the theme park's opening, and Eisner had eggs and tomatoes thrown at him during a crowd-mooring visit to Paris.

But no one should be misled

into thinking that Disney factionalism is a matter of which side of the Atlantic you live. There are Disney-haters in America, just as there are Disney fans - tens of millions of them - throughout Europe. In Russia last summer, the Disney television shows were top of the charts. In eastern Germany and Czechoslovakia, Disney comics are fast out-selling their (pre-liberation) rivals. Even in France, 10m children read *Le Journal Mickey*.

Disney is now straining to please French adults, too. The design of the Euro-Disney castle was inspired by a medieval illuminated book, *Les Tres Riches Heures du Duc de Berry*, and the European roots of favourite Disney legends are being stressed in the publicity literature.

In Christopher Columbus year, there is a slapstick reverse colonialism about all this. Five hundred years after a European explorer founded the US we would all soon know, if not love, an American mouse has brought New World kitsch to a deprived continent. It seems unlikely - even on the company's darkest days - that the mouse empire will go away, especially with new bosses whose survival instinct is more ruthless than Walt's ever was. Says Katzenberg, through visibly-gritted teeth: "If we in the entertainment business are a breed on the path to extinction, there is one thing I can absolutely guarantee to you. We at Disney are the last ones going down."

## Cheap - but much more cheerful

Low-priced wines have rarely been better value for drinkers on a budget, reports Jancis Robinson

**T**HE TIMING could hardly be better for wine drinkers determined to tighten their belts without being bullied into reducing their consumption. Major retailers are discounting madly, with the fruits of a run of lovely vintages on the shelves.

The effect of a revolution in winemaking and, increasingly, grape-growing expertise has been to make expensive wine very expensive, medium-priced wine twice as good value as it ever was, and cheap wine at least 10 times better value than it was 15 years ago.

When modern technology invades a region's wineries, the first casualties are heavy, flat whites and reds replete of carelessly-washed vats and old socks. They are replaced by oases of fresh, crisp whites, often with traces of the tropical fruit smells conjured up by low-temperature fermentation, and light, crimson reds that might be a bit short of fruit and impact but are indisputably clean.

They may not have that much character - but then, nor did Mr Jekyll in comparison with Mr Hyde.

Most of the world's cheap wines today are competently made liquids entirely lacking the evils of the past, while also lacking many distinguishing marks. But some producers at the bottom end of the market



are now crafting wines that have character as well as cleanliness.

This is great news for everyone, other than those who depend on selling wines that cost twice as much but taste only 10 per cent better. France, especially southern France, can offer the greatest range of flavours with its host of idiosyncratic *vins de pays*. Cheap French wines tend to taste rather drier than their counterparts from the New World, although often this is because they are higher in natural acids and lower in ripening alcohol than because they actually contain less residual sugar.

The great French saviour of the dry white wine market, for example, is so tart that it usually needs the softening influence of a little unfermented grape juice. Although the 1991 crop of Vin de Pays des Côtes

de Gascogne was much reduced, this is typical of a region managing to inject more and more flavour into its once-anodyne whites. Domaine de la Hitte 1991 (\$3.99 at Davisons, which still stocks the 1990) actually shows good Sauvignon and Manseng flavours while Oddbins White, from Domaine du Joy, exhibits remarkable fruit for \$2.99.

But France also can offer characterful reds with full *Appellation Contrôlée* status for under £3 - such as Paul Boninot's supple, spicy La Falsaise, Côtes du Ventoux 1990 (\$2.75 Waitrose).

Eastern Europe is, however, now a much more varied challenge to France under £3.50 with full, spicy Czech wines at Victoria Wine and Hungarian Sauvignon and Chardonnay at Thresher/Wine Rack/Peter Dominic/Bottoms Up. And Bulgarian reds are being seriously upgraded (try their original importer, Bordeaux Direct of Reading).

Australia will continue to cook up special deals such as Killawarra pink fiz (amazingly, only \$3.99 at Oddbins) and still manages to pack much more punch into a bottle than South Africa, however hard it tries to win favour with foreign wine drinkers.

And then, of course, there are the huge Hispanics of the wine world... they need to export, too.



"Charcoal kills us, but what does it matter? The shorter the life the greater the glory."

Not the words of Napoleon Bonaparte but those of that Napoleon of the kitchen, Antonin Carême.

Often styled "the greatest cook of all time," a delightful evocation of his life reappears in an updated and re-illustrated version of Anne Willan's *Great Cooks and their Recipes*, from Taillevent to Escoffier (Pavilion Books, £25) published this week.

Specially-commissioned colour paintings by Michael Boys, and the use of period paintings and etchings, makes it worth its place in the dining room.

Willan takes 14 chefs, adds a potted biography of each, and chooses a judicious mix of recipes to illustrate the strength of each cook. Recipes appear in their original form with a re-working to suit the 1990s' cook.

Its most appealing quality is in the descriptions of the lives of the great cooks and the stories associated with them. Bedtime as well as kitchen reading. Jill James

## Cookery

## Stock answers

Make fine dishes finer, says Philippa Davenport

**W**RITING about high-speed soups recently, I reported on a blind tasting of various brands of chicken stock. Quality varied considerably but none was a patch on home-made. I was pleased about this because the home-made version was my own. My morale would have taken a tumble if the results had been otherwise.

I used commercial stock for the soups I devised for that feature. This, I wrote, was done "for the sake of speed." That is nonsense, really, because while stock takes considerable time to develop its flavour, the demands on the cook's time are minimal.

Few things are easier to make than good stock, and few are more rewarding. It makes a fine broth in its own right and it is a key ingredient in so many soups, sauces, stews and braises. Its presence is capable of making fine dishes finer, and of making ordinary dishes special. In fact, I can think of no more vivid proof of the importance of good ingredients to good cooking than preparing the same dish twice, one using commercial stock and the other home-made. The difference is astounding.

Chicken stock is the most useful of all. My method of making it has become simpler over the years. Gone are the celery, carrot, onion and bouquet garni of classic stock recipes. For much of the year, celery seems all string and crunch, too insipid to add any flavour. Carrots sometimes lend too much sweetness, and the potency of onions is so variable. Sometimes, bouquet garni is a wispy-washy nonentity. At others, it stings the cook's eyes and may overpower the bird in the pot.

No - the plainer the stock, the better. If it is pure, the flavour stays "true" in freezing. If it is concentrated, it will not take up much storage space. In both cases, the cook's options are kept open. The stock can be diluted as required and extra flavourings can be added.

The chicken stock I make has nothing but chicken, a little salt, and a few peppercorns. Very occasionally, I add one extra ingredient (for cosmetic

purposes): the papery brown outer skin of an onion, which turns stock a rich, consommé-like shade of bronze. The Turkish-bath image of a kitchen swathed in the steam-heated hubble-bubble of a stock-making session is pure myth. Stock is best cooked very gently. If boiled fiercely, the fat bubbles through the liquid, making it murky.

As for the old-fashioned practice of boiling stock every day to prevent souring, that dates from the pre-refrigeration era. Stock stored in a fridge ought to be boiled every three days, but the most practical solution is to put it in the freezer. There, if fat-free, well-reduced and salted only lightly, it will keep without spoiling for nine months at least.

The most convenient portions for storage are from a quarter to a half pint. As for containers, try the little plastic tubs with snap-on lids used by delis and supermarkets for weighing and potting such things as curd cheese.

There is no need to plan ahead and thaw stock overnight before using it. Just sit the frozen container in a bowl half-filled with hot water for a few minutes. When the solid block of stock has been loosened, slide it out into a saucepan and melt over a low flame.

And so to the chicken itself. The carcass left over from Sunday's roast is perfectly adequate. Raw bones will yield more flavour, but how often do home cooks bone-out a bird? To satisfy a household that gets through as much chicken stock as we do, it is necessary to buy chicken specifically for stock-making.

I use supermarket packets of

chicken wings. While not cheap, they come with a bonus. Wings are highly gelatinous, so the stock they produce is satiny-rich in texture. This gives excellent body to sauces and soups and sets to a solid jelly.

What is more, quite a bit of meat can be picked from the wings at the end of stock-making and used to prepare a meal in its own right. More about that next week.

**PURE CHICKEN STOCK** (makes at least five pints of very rich-flavoured stock) The (minimal) effort involved is the same whether making a large or small batch, so I suggest buying 6½-7lb chicken wings. Wash them, put them in a large stock pot, add 6-7 pt cold water to cover, and bring slowly to a bare simmer.

Add half a teaspoon of salt, a dozen black peppercorns (and, optionally, the papery brown outer skin of an onion if you want a richly-coloured stock). Cover and cook as gently as possible - the bottom oven of an Aga is ideal - for at least four (and preferably six) hours. Only an occasional bubble should wink at the brim. Fast cooking makes murky stock. Set the pan in a cold larder for a few hours. Then, separate the liquid from the solids, saving the chicken meat for other dishes. As soon as it is cold, refrigerate the stock so that the liquid sets to a jelly under a blanket of fat which can be scraped easily from the top.

Next day, scrape off the fat (the schmaltz of Jewish cuisine, which can be used in place of beef dripping, lard or butter in cooking). Put it into a small, covered container and store in the fridge.

Melt the jelled stock. If initial cooking was suitably gentle, and if all trace of fat has been removed from it, the liquid should be as clear as a classé consommé. Reduce it a little by fast boiling to concentrate the flavour.

Add a little salt at the end to bring out the flavour, but not much as freezing tends to heighten saltiness. It is wiser to season at the point of using. Cool, chill, cover and store in the fridge as much stock as will be used within the next few days. Freeze the rest in small quantities.

**A**SK ANY restaurateur about the effect on trade of his customers' continued financial restraint and he will probably just shrug his shoulders. In the restaurant business, customers have been voting with their wallets for the past nine months. They have been doing so intelligently, often trading up at the same time as reducing their monthly spending on their monthly spending. Couples who had allocated £100 a month in their domestic budget for eating out would have enjoyed two meals at £50 each. Now, many are choosing to go out just once. But, to make it even more

## Set-price and sensible

Nicholas Lander eats out on a reduced budget

memorable, they are spending £70 to £80. Thus, 25 to 30 per cent saved at a stroke - and still a great deal of pleasure. This has had two consequences. Those restaurants that are popular and priced sensitively become even more in demand as customers stick to safe destinations. And there are huge swings in business - one week a restaurant can be very busy, the next week quiet - as overall demand falls.

Even those in the trade are now following their customers' new habits. A leading hotelier from the West Country might come to London for a few days' holiday. He will eat out as often as before, and in many of the same places.

But he will do so only at lunchtime, taking full advantage of the vast number of good-value, set-price lunches on offer at virtually all London restaurants and hotels. In the

evening, he will go to the theatre.

The set-price lunch at a sensible price is (fortunately) here to stay and it is something we must not feel ashamed to utilise - even if that means telling your guest to save embarrassment. What restaurateurs must be forced to realise - most effectively, by consumer demand - is that a realistic, fixed-price dinner menu would also be a great incentive. If the

Department of Trade and Industry could then find time to legislate for the inclusion of the service charge in all prices, a meal out could be costed even more accurately.

But there is one type of eating house which has been ignored recently and which should be due for a surge in custom - the well-run neighbourhood restaurant. Over the past few years, these have lost business to the more glamorous competition in the city centres or the country. But as family budgets begin to bite, these establishments will be able to offer an evening away from the stove and sink - and all-round savings, too.

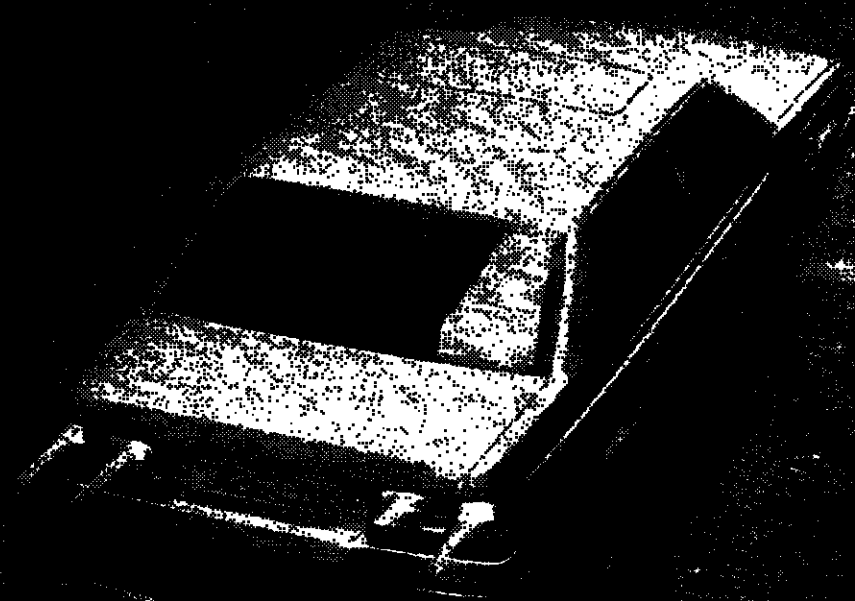






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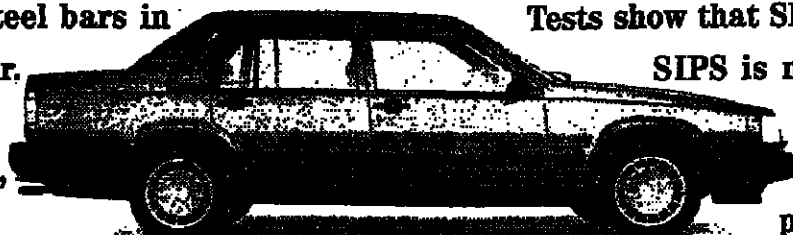
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## GARDENING

# A self-starter that makes the mowing easier

Arthur Hellyer looks at tools designed to help gardeners

I HAVE BEEN using one of the latest Flymo lawnmowers, the RRL429 Powerdrive Electrostart, which must surely be the smallest machine of its kind to have electric self-starting at the turn of a key. The rotary blade gives a 15in cut and would be suitable for the smallest of gardens; yet, because of its speed and easy operation, it will also tackle quite large areas.

This machine has all the refinements of much larger lawnmowers, including rear pick-up of cut grass into a conveniently detachable box; a full-width rear roller to give the admired stripe effect when the grass has been cut; and screw-adjusted height setting with a scale showing the height that has been selected. (This ranges from under 1in to a remarkable 7in, enabling the machine to be used for trimming meadow-length grass.) The four-horsepower, four-stroke Tecumseh engine has power to spare and is quiet, too.

This is a wheeled rotary grass cutter, not an air-cushion machine, and is an illustration of the way in which the old, rather pointless controversy between the manufacturers of these two types of powered lawn-mower has been ended peacefully. Each system has its uses in the right places and circumstances.

This new little Flymo is likely to make many friends. It is supplied complete with an electric charger which can be plugged into any mains socket for occasional topping-up of the starter battery; but there is also a charger built into the engine so that replenishment of the battery goes on continuously whenever the machine is being used. The price, complete with all this equipment and including VAT, is £475.

I believe that the greatest acceleration in garden machine sales is occurring with shredders, those invaluable devourers of woody waste in the garden which make it possible to dispose with bonfires. Power-driven shredders will convert all prunings and hedge trimmings into instantly-usable mulches for flower beds and borders, or for spreading around individual trees and shrubs.

The old idea that such woody waste was bad for plants and soil has been exploded. Huge quantities of commercially-produced wood chips and shreds are being used in public parks. National Trust properties, botanic gardens and those of the Royal Horticultural Society, to name just some, I have been using shredded bark for the first time this winter and am very pleased with the results.

Home shredders will not cope with the heavy wood used in commercially-produced

chips and shreds but, according to the size and power of the machine, they will deal efficiently and speedily with the prunings and hedge trimmings which make up the bulk of the woody waste in gardens. Some machines are powered by electric motors and some by petrol engines, the former recommended for town gardens because of their relatively low noise. Petrol is to be preferred in big country gardens in which it can be convenient to take the machine to the work rather than the reverse.

The nylon cord rotary grass trimmer, or strimmer, is another tool that has found favour with the gardening public. It has taken all the difficulty out of cutting grass close to walls, trees and other hard objects. The fast-rotating nylon cord is so flexible that, although it cuts through the

ply being available. Certainly, these large machines have solved the rough grass-cutting problems of many large gardens and parks.

I have found that some of the very small, low-priced electric nylon cord trimmers have inadequate power to deal with anything tougher than fairly soft grass - but with more power, the densest grass and quite tough weed stems can be slashed through. It is the speed of rotation of the nylon cord that makes it effective as a cutter, and that is what an under-powered motor cannot supply.

Some nylon cord trimmers have heads which can be rotated through 90 degrees, making it possible to use them in the vertical position to cut lawn edges as well as in the horizontal plane for the flat lawn. I find this a considerable time saver.



toughest grass and quite a lot of even tougher weeds. It is turned aside harmlessly by any hard objects.

Again, there is a choice between electric motors and petrol engines, most of the latter serving the dual role of grass trimmers and brushwood cutters when fitted with some type of metal blade in place of the nylon cord.

In this development, they must be regarded as potentially dangerous tools, suitable for use only by trained people and with full safety precautions. But, for nylon cord trimming, the petrol-engined machines are just as safe as the electrically-driven ones.

They have the advantage that they can go anywhere, irrespective of an electric sup-

ply being available. Certainly, these large machines have solved the rough grass-cutting problems of many large gardens and parks.

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There are many small hand tools and other pieces of equipment which, while seldom written about, will save a lot of time and trouble in the garden. One is a pair of secateurs small enough to be slipped easily into the pocket so as to be available at any time for jobs as varied as cutting string to light pruning.

There is also an ingenious little tool called the Wilger, which I thought had dropped out of use until I came across it in the big sundries catalogue of Joseph Bentley Ltd, Barrow on Humber. This is a metal and plastic dibber, seedling transplanter, tiny trowel and weeder all in one; so small that it can live in your gardening coat.

Lopping shears can be great time-savers but they must have strong handles and powerful blades. Too many fail to cut easily and the handles bend when cutting really thick stems.

It is worth spending up to £40 for a good pair of loppers. It does not matter if the blades are of the anvil or the bypass type; I use both and have no preference.

Hoes need careful choice to suit personal preferences for easy use and movement. I still like the old Wilkinson Swoe, a Dutch-type hoe with the handle attached only at one end of the blade which, in consequence, can be hooked firmly around tough weeds to cut them off or drag them out, and can also reach behind plants to stir the soil.

I find a spring-toothed grass rake useful for much gathering of rubbish in addition to that for which it is primarily intended; namely, the cleaning and aeration of lawns. A pair of long-handled hedging shears can still be the best tool for trimming grass in awkward places and, even if you have a hedge trimmer, shears are a necessity for some jobs. When shopping for these, hold them in the hands and test them for weight and balance before deciding which ones to buy.

Many garden chemicals now come ready-packed in the small, flask-type sprayers operated by a trigger. I keep a supply of spare flasks for special purposes, one for glyphosate herbicide for the difficult weeds; another for Weedol, especially for couch and other grasses; and a third in spring and summer for a harmless greenfly killer such as permicarb. The plastic pumps of these sprayers do not last for long, but they are cheap to replace and most handy to use.

Finally, in a garden of any size you must have a wheelbarrow. For the rough and heavy work, I use an ordinary navy barrow; but for all other jobs I like a barrow with a ball-shaped wheel which will ride easily over all the bumps and up and down any steps.

IN THE aftermath of an election, you will forgive me for returning to the topic of pig manure. You may feel that enough of it has been distributed metaphorically up and down the country for there to be no need for discussing the availability of private heaps. However, so many of you have written to ask for a source of urine-free, pre-crumbled pig dung after one of my recent articles that I can only answer you collectively.

The topic seems to interrelate with this paper's other interests. Only one of you was specific, saying that she wanted to send a bag of it to her life insurance salesperson on learning, after the deal, about the level of his commission. The rest of you are keeping its destination secret.

I fear that there is no single centralised source; transport would be expensive and I am not sure about Datapost's rules on scent. My supplies come from a pig farm six miles away which cannot deliver to a greater radius.

The sensible course is to check where pigs are kept locally, find out if the manure has stood and cooled for a while and then offer to collect it in bags, equipped with rubber gloves as it can cause a rash when too fresh.

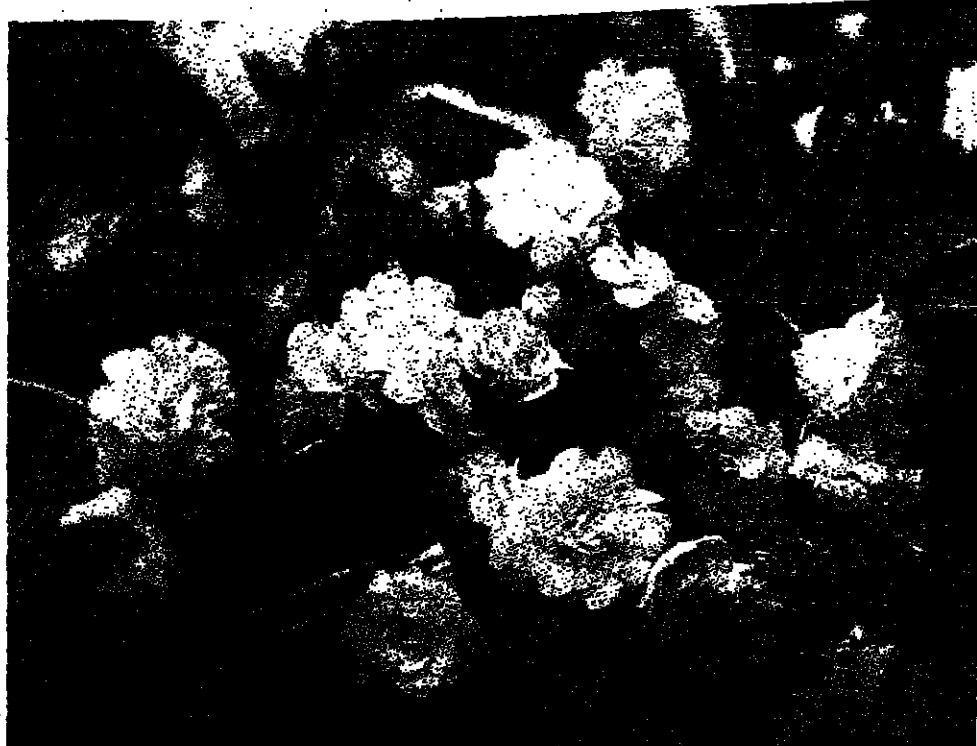
In spring, you may see some little tin pig-shelters out in the field: if so, stop and think. They are not just a warning of the levels to which we might have been reduced in another five years: where there is shelter there is - well, you know what I mean, and probably the farmer will sell it to you.

Rotted manure is worth buying and I credit it with the two main consolations in my post-electoral garden. Last year, I bought a replacement plant of the double lilac-flowered primrose, *Primula lilacina plena*. It had entered my life through a *Weekend FT* reader who kindly posted me a fragment of his plant in a metal canister just at the time of a wave of terrorist letter bombs. It was only after submersion in the village pond that the traces of grit on the surface turned out to be nothing but compost: the plant flourished for years, giving great pleasure until we moved house.

When the same *primula* eventually reached me from Wiltshire, I split it into three parts, each of which now has more than 30 flowers. The cause is simple: not shade, water nor green fingers, but an explosive charge of my own devising: pure pig manure beneath it. *Primroses* seem to thrive on this rich mixture: pack the animal explosion into the upper six inches of soil because primroses never root very deeply.

This double lilac-flowered primrose has a particular charm. It is the oldest garden form whose historical pedigree is certain. The same variety was growing in the 18th century, at the latest; its double flowers are distinctive, and in them we see a double primrose as gardening poets like Pope or Shakespeare.

Other double varieties are mentioned by the dozen in Tudor books on gardening, but unless their illustrations are inaccurate, they cannot be



*Primula lilacina plena*: an explosive charge of pig manure works wonders for such a plant

## Why pigs perk up Parma violets

Robin Lane Fox's thoughts turn again to manure

plants in modern circulation. Sometimes, we have taken over their names, but the originals have probably died out. If they had been fed more richly, perhaps they would have survived four centuries.

Pig manure has not merely topped up the oldest form of primrose: it has also worked wonders on those vanishing beauties, the violets. In the 1970s, named varieties of sweet violet had almost become a lost cause, lamented by their few private growers and apparently doomed in the general market.

The picture is better nowadays and certainly clearer, not least because of *The Plant Finder's* annual listings. Down in Bridport in Dorset, C W Groves and Son has been stocking some of the standard hardy varieties for years without undue advertisement.

It also sells some of the double-scented Parma varieties, including *Comte de Brazza* who seems to have been de-

classeed nowadays and renamed as *Swanley White*.

Early this year, I made a raid on Groves where the violets are potted up in a cold house behind a general garden store selling anything from bird seed to large potatoes for baking. Among the young stock, I hit on old garden friends such as *Baroness Rothschild* and *John Raddenbury*, among other varieties in honour of the Grove family themselves.

Like primroses, violets seem to like a very potent soil. There have never been such violets as those in the Edwardian era, and I now find that their books on the subject insisted that the best violets needed a very rich diet. In those days, richness meant cow, not pig, a preference which fits with the violet's mythology.

The story goes that the god Zeus first created violets after wooing the fair young Io, and turning her into a cow after the event, so that nobody would suspect her and interrupt the affair. Nowadays, lovers become cows rather later in the male imagination, but you can see that the lady needed something good to eat: Zeus, therefore, created the violet in her meadow as a sort of nutritional IOU.

Perhaps in the 1990s we would alter the myth anyway, and say that he was a frightful pig. Pig-manure, certainly, has worked wonders under my plants from Groves' good list. The *Duchesse de Parma* is up and running; the *Princess of Wales* is a leggy variety but has quickly recovered her spirits. The next hazard will be red spider, the violet's worst enemy in warm weather. Meanwhile, if you want to keep it, manure it heavily, honouring the animal strain in its origins.

### Plant of the week

*Prunus Pink Perfection*

A number of ornamental cherries of fairly complex parentage are simply known by their garden names under the general heading Japanese Garden Cherries since they were first introduced from Japan though many have since been raised in the West. *Pink Perfection* is a particularly beautiful variety raised in England from a seed taken from an old variety named *Shimidsu*. It is considered by many gardeners to be better than the ever-popular *Kanzan* since it is a purer pink colour. Like *Kanzan* its branches are held upwards making a shuttlecock-shaped tree especially when young. The flowers are fully double and freely produced. The young leaves are an attractive light bronze. Like all Japanese cherries it will thrive in a wide variety of soils with a special liking for those containing chalk or lime. AH



## Bring on the cream buns

Nicholas Lander on a growth area that has little to do with plants

A CROSS the country 126 restaurants and tea shops have just opened for business.

Before November 30, when most close for the winter, they will serve 4.5m cups of tea and coffee, take £11m and contribute more than £1m towards the upkeep of some of the country's finest buildings. These restaurants and tea shops make up the increasingly important, and increasingly professional, catering arm of the National Trust.

Although the 2m members and 10m visitors each year to National Trust properties tend to associate a visit to a stately home with a stately tea afterwards, this is a recent association. The trust is unusually vague about when its catering operation began, but more precise about its very humble origins.

It all started with the gardener at Hildcote Manor, Gloucestershire, selling scones from his front parlour in the early 1930s - although the eclairs offered on the weekly *Connoisseurs' Day* by the administrator's wife at Saltram, Devon may have appeared a little earlier.

During the 1970s and 1980s the restaurants developed under David Mallin, a former tea planter, and their annual turnover reached £2m by 1985. Their financial importance to the future well-being of the National Trust was only fully recognised by Ian Bottom, appointed finance director of the NT in 1985 and by Anne Roberts, a former buyer with Next, the retail clothes chain,

now managing director of National Trust Enterprises Ltd.

Bottom saw the restaurants as under-appreciated sources of revenue which would compensate for falling government grants (and falling farm revenues) and set the restaurants demanding (but commercial) annual growth rates. Roberts supplied the central organisation and the marketing vision. For the NT today, catering is such an important financial concern that when its finance committee meets to consider acquisitions, the potential number of cups of tea a "new"

house could supply enters the equation.

To put its catering in the hands of a professional, the National Trust has just appointed Sue Sewell, formerly operations director with confectionery giant Mars, as national catering manager. At the age of 29, Sewell takes charge of 16 regional managers, a seasonal staff of 2,500, restaurants ranging in location from Souter Lighthouse, Northumbria, to Mount St Michael off the Cornish coast.

Her job has unique problems and challenges. Unlike most other restaurateurs she sees no sign of diminishing demand to accommodate numbers and preserve the fabric of the houses has been the conversion of many spare stable blocks and out-houses into restaurants and tea-rooms. Converting these, however, into pleasant dining areas that meet the demands of the new Food Safety Act requires capital and expertise. In 1992 the NT will spend £1.2m on its catering infrastructure.

There are particular personnel problems, too. At certain NT properties, the gardeners were used to walking into the kitchen for their tea. Under the new laws they must first put on white hats and shoes.

### Catering to the millions who visit National Trust gardens and houses has its problems - and rewards. Nicholas Lander reports

Visitors to the properties often want to be served lunch and a potted history of the property from their waitress at the same time. The British weather can mean tremendous fluctuations in attendance, too: a sudden downpour sends hundreds scurrying for shelter, tea and refreshments when they are supposed to be in the grounds.

The challenge and potential for growth is enormous. One of the most significant factors in the growth of NT catering is that popular tastes are beginning to follow the trust's policy of home-baked, wholesome food with a regional bias.

Many visitors, who even five years ago would have settled for a cooked lunch, now appreciate the healthy virtues of lunch with local cheeses and salad and the fact that 80 per cent of all the bread, cakes and scones the trust sells are baked on the premises.

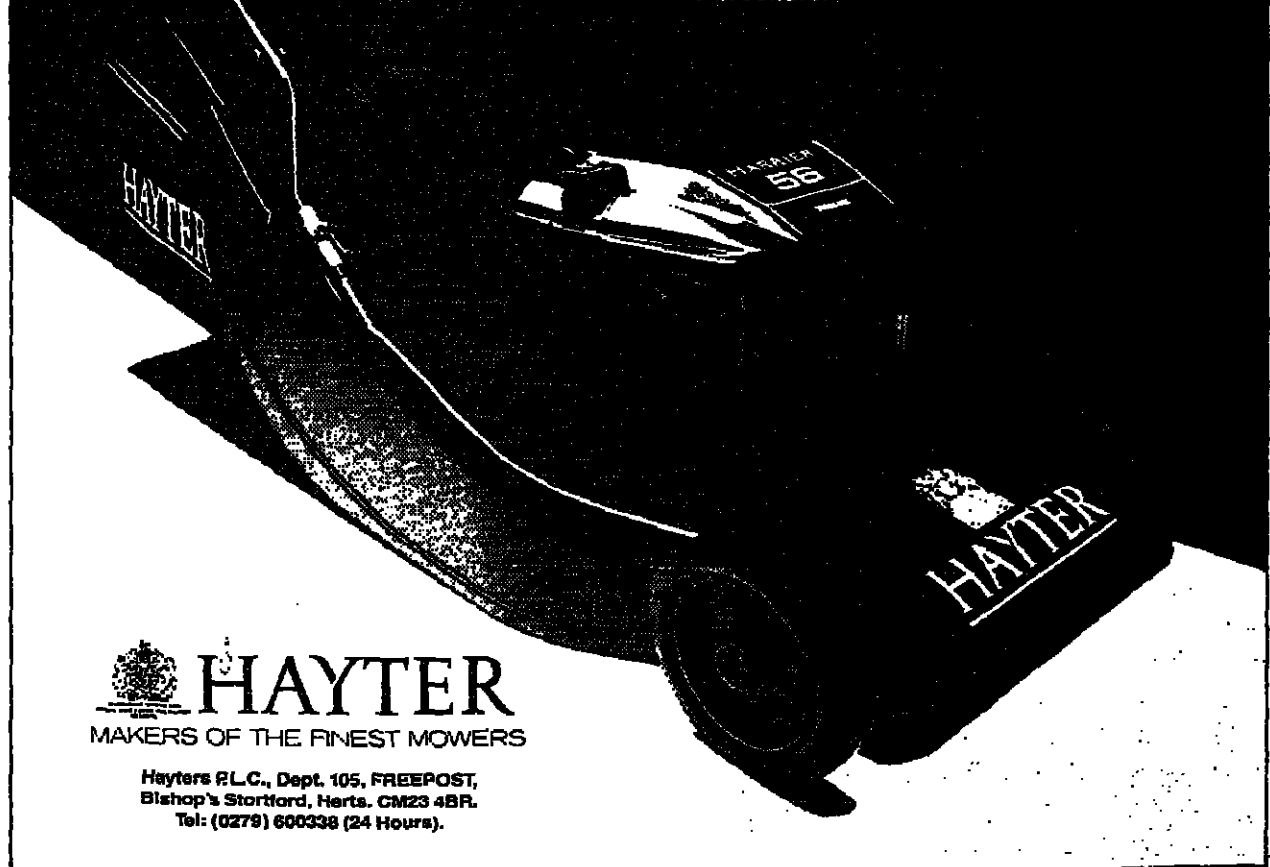
At Souter Lighthouse you can try pan haggerty or singin' hinny, two local Northumbrian dishes, and there is a huge variety of local cheeses on offer, from Pant-y-Gawn goats' cheese at Powys Castle, Wales, to a farmhouse Wensleydale in Yorkshire. On the Isle of Purbeck in Dorset a Trust tenant farmer supplies the milk to the local dairy which makes Purbeck Dairy ice cream for sale at the nearby Corfe Castle.

Sewell hopes to accentuate these regional differences because they so clearly distinguish the Trust's restaurants. The National Trust, 36 Queen Anne's Gate, London SW1E 9AS. Tel: 011-222-9251.

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## GARDENING

# A garden to visit

## Scots soil to suit the bonnie heather

Arthur Hellyer starts a new series with a trip to a whisky distillery's acreage in Scotland

ONE OF the most remarkable gardens in Scotland today belongs to a whisky distillery. Bell's Cherrybank Gardens is a seven-acre extension to an existing 11-acre garden which had already created a considerable name for itself.

It all started when new office premises for Arthur Bell and Sons were opened on the western outskirts of Perth, overlooking the city and the Tay valley. This was a straightforward piece of industrial landscaping, started in 1978, involving the use of trees, shrubs, herbaceous plants and water on a considerable scale.

Robert Matthew Johnson-Marshall-Sportsworld was awarded the contract; the firm is said to have planted 65,000 shrubs and 1,200 trees, plus an unspecified number of hardy perennials. Informal in design, a river-like lake at its lowest point is fed partly by a natural burn. It has a complex pattern of curving lawns and flower beds with dense, labour-saving

planting and great attractiveness for wildlife. A notable feature of this garden is an elaborate mosaic, made with Italian glass, which depicts a coat-of-arms. This fine garden, which is open to the public, was given a Civic Trust Award in 1982.

But this is not my reason for drawing attention to the Bell's garden today. What is important nationwide is Bell's Cherrybank Gardens, started in 1984 on seven acres of land adjacent to the office garden but rising well above it, and intended as a heather garden.

It has its own water features, and the overall design was also by Robert Matthew Johnson-Marshall-Sportsworld, but the heather collection was planned by Hazel Huddleston. It is extremely impressive and already occupies a large part of the ground, although there is still scope for extension.

There are now about 40,000 heather plants in 730 varieties. Norrie Robertson, the head gardener, told me that he does

all heather planting in March. He waters all plants thoroughly before planting - and not very much afterwards - and he uses a lot of pit sand when planting.

The soil is naturally a little acid, and this suits all heathers well, but there was near disaster in the early days when the M90 motorway was being constructed above the garden. A large quantity of lime was present in the foundation material used for the road, and some of this washed down into the garden, raising the alkalinity. However, the excess lime was washed out and there have been no further problems from that source.

The heathers are in superb condition, planted in large blocks in big curving beds spread on the open hillside which provides a spectacular site for display. Its excellence has been recognised by its designation as one of the two National Collections of Heathers in Britain by the National Council for the Conservation of



In full bloom: Bell's Cherrybank Gardens is well worth a trip

Plants and Gardens, the other being in the Royal Horticultural Society's garden at Wisley, Surrey, a very different site on flat ground with numerous small trees including conifers.

Cherrybank has its own landscaping, quite distinct from that of the office garden. There are fewer trees and shrubs, as befits its hillside situation and prime use for

heather cultivation, and it contains several other features, including a children's play-ground, a dovecot stocked with fantails, an aviary and a trellis garden with a set of tubular bells.

There is also a stream starting high up in the garden, artificially fed. The water flows sinuously down the hillside between clean, stone-lined banks, feeding several ponds.

One of these is said to have remarkable acoustic properties, creating different sounds as the water plays against the circular surrounds. There are also a number of attractive statues, some the work of Ian Mackintosh, others by Lawrence Broderick.

A visitor centre has been built at the top of the Cherrybank Gardens, which also contains a small restaurant. It is

now the main point of entry to both the heather and the office gardens: the two, although separate entities, are interconnected.

Norrie Robertson heads a team of five gardeners who keep the place in impeccable condition. About 20,000 visitors are welcomed every year, and money is collected for charity from collecting-boxes, and from a wishing-well.

The gardens are open on the first weekend in May until the middle of October. The heather garden is never without flowers throughout the year: one of the great attractions of heathers is that the numerous species provide a continuous succession of flowers - though some seasons, particularly spring and late summer to autumn, are more prolific than others.

## Your guide to the guides

Forget the election - it's flower power that counts

ALL essential guide books - revised and updated - are to hand, and the garden visiting season is in full swing again. Not that it stops completely: there are many gardens which remain open throughout winter, but the full pageant of those open to the public is revealed between April and October.

The most useful guides are: ■ *Gardens of England and Wales*, the familiar yellow book of the National Gardens' Scheme Charitable Trust; ■ *Scotland's Gardens*, also yellow-covered; ■ the *Guide to Gardens Opening Under Scotland's Gardens' Scheme*, also a charitable organisation; ■ *Historic Houses, Castles and Gardens in Great Britain and Ireland*, produced commercially by British Leisure Publications.

■ *The Good Garden Guide*, published by Vermilion. The two yellow books are concerned solely with gardens opening for their respective charities, and are by far the best at leading visitors to small and medium-sized privately-owned gardens, many of which are only open on one or two afternoons in the year.

The books also list some bigger gardens and many of those can also be found in the commercially produced garden guides. Every year the lists get longer: this year *Gardens of England and Wales* lists more than 2,500 gardens, the largest number ever to support this highly successful charity. This year it aims to raise £1.4m.

There have been some criticisms of these charitable schemes. Some feel that not all the gardens listed are worthy to be opened to the paying public. But there are two answers to that. The first is that worthiness is very much a matter of personal opinion; the second is that it is instructive, and often entertaining, to see what is made of gardens by less skilled, less wealthy owners. The gardens are all inspected by officers of the charities. Proof of the pudding is that the public, in general, is delighted with what is on offer, as demonstrated by the ever greater number of visitors and the very considerable sums of

money collected for a diversity of charities.

The *Good Gardens Guide* is the youngest of the guide books, first published in 1990. It has quickly become a favourite because of the amount of information it contains. This year it lists more than 1,000 of the best gardens open to the public in Great Britain and Ireland. Many of the gardens are privately owned, and some will be found also in the charities' guides. (This can be welcome duplication because of the independently written descriptions, which are occasionally critical and always try to convey some idea of merit.) Originally this guide book tried to give a graded standard of excellence to each garden but this has been dropped - sensibly, because gardens vary so much in style and character that it is impossible to compare them all on the same basis.

*Historic Houses, Castles and Gardens* has a wider brief than any of the others, as its title makes plain; it also carries quite extensive advertising for some of its properties. Information about the properties themselves is brief, but includes full particulars about dates and times of opening, facilities available, and price of entry. It has good outline maps of the British Isles, showing where the various properties are. This year, for the first time, quite a lot of full-colour illustration makes the book much more attractive.

Yet another annually updated guide book that I carry in the car is *The National Trust Handbook*. Although its properties are covered by one or other of the other guides, there is usually a lot of additional useful information.

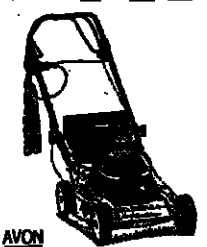
*Gardens of England and Wales* can be obtained from booksellers at £2. *Scotland's Gardens* costs £2.50, including postage, from Scotland Gardens Scheme, 31 Castle Terrace, Edinburgh. *The Good Gardens Guide* costs £1.95 and *Historic Houses, Castles and Gardens* costs £6.95, both from booksellers. The *National Trust Handbook* is sent free to NT members or can be bought in bookshops for £3.95.

A.H.



The Royal National Rose Society's gardens near St Albans

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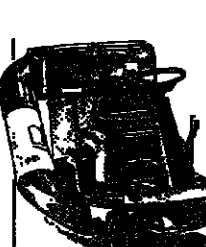
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## PROPERTY

# The kind of retirement Granny might get a grip on

Gerald Cadogan takes a look at some attractive homes for the elderly

ARE ALL retirement homes just handy places for "granny dumping," as they say in the US? Or are some nice enough to live in yourself one day?

This section of the property business is a growth industry. By the year 2000 a quarter of the UK population will be ageing baby boomers, 55 years old and over - and an increasing burden on our children.

In Mediterranean countries granny always has a place. But how shall we cope in northern Europe and the US when we would seem to have jettisoned family support systems? Retirement housing projects, especially for families with no spare room to turn into a granny flat, offer one answer.

Look hard for the good schemes, says Henry Thornton of Beechcroft Developments, which builds retirement homes, and "do not leave it too late." Shed your furniture yourself rather than have your heirs squabble over it, and move into a retirement home while you can still adjust easily and are fit enough to enjoy

spending any money released by selling your old house.

Retirement homes are not nursing homes, but they do usually have help on call 24 hours a day. Their aim is for residents to keep their independence, but to make life easier by reducing hassle and anxiety at a reasonable cost. (The good schemes make their profit out of the development, not from the subsequent management charge.)

You have only to press the personal alarm you wear and the secretary (in Beechcroft's term - more usually "the warden") will come at once, ready to call doctor, ambulance or police. Or the warden will look in if nobody has seen you for a day or two. In practice, crisis calls are few, but all schemes stress this part of the package for its peace of mind.

Security is also built quietly into the design of good schemes. Viewer entryphones on the door are normal. Access from outside is restricted to one entrance; the "cottages" and apartments are often built round a courtyard, rather like an Oxbridge college, or, Beech-

croft says, "taking the idea of living cheek by jowl in smart terraces in the city into the country and market towns."

You can usually expect about 20 to 40 units, each with two or three bedrooms, allowing couples to sleep apart or have guests and grandchildren. Award-winning firms such as Beechcroft (0491-34975) and English Courtyard (071-937-4511) pride themselves on stylish design, sympathetic to the local townscape. They emphasise the comfort that familiar designs and finish in a building can bring to people of any age.

Beechcroft's Upper Brook Hill scheme in Woodstock, Oxfordshire (architects: Andrews Downe and Partners) offers the stonework and solidity of the 18th century merchant houses in the town, and is well stocked with shrubs. It is a useful urban renewal project. Views are over the Glyme Valley and the park of Blenheim; the scheme is barely five minutes' walk from the middle of town.

English Courtyard's Malhouse Court in Towcester,

Northamptonshire (by Sidell Gibson Partnership), illustrated in the Prince of Wales's book *A Vision of Britain*, also reflects local style, using Hornton stone from the quarries near Banbury.

Once inside any decent retirement home, you should look for unobtrusive helpful details. Doors should be wide enough to take a wheelchair; stairs should be fitted with a chair lift. Power points at knee height mean that no resident has to bend down too far. However, installing your own washing machine may be better than a communal laundry. (If there is one, inquire how the rota works - you do not want to be restricted to two fixed hours a week.)

Every unit should have a garage. If you wish to garden, you will be encouraged, but there will frequently be a gardener/odd job man to look after the place, put out the dustbins and clean the windows. Some schemes even offer a tennis court and a covered swimming pool - like Beechcroft's new projects at Alton in Hampshire and Cerne Abbas in Dorset.



Retiring to the country: Beechcroft's development at Cerne Abbas, in Dorset

Cerne also has a nine-acre garden by the river, and is built around a splendid flint tithe barn.

Check that you are allowed to keep dogs and cats. The human residents are unlikely to be a problem - many are likely to be congenial fellow readers of *Weekend FT*. But location will be important. Do you want to live in a village, or an old market town equipped with reasonable shops, banks and doctors? How do you get away? Is it easy for London and the airports? (Retirement homes are ideal to look up and leave for a spell in the sun.) Are there trains, or must

your relations ferry you around? Most important of all, how close do you want to be to them - and they to you? It all adds up to rethinking your life, prospects, assets, and expectations of your dependants.

Now is a good time to buy a retirement home; prices have fallen in the recession. Beechcroft has a cottage for £147,000 in its Woodstock scheme, and an apartment for £127,500. At Cerne, properties will be between £95,000 and £225,000.

English Courtyard's price range for its Earls Manor Court at Winterbourne Earls, near Salisbury, Wiltshire, which will be ready in the

autumn, is £160,000 to £210,000. You do not buy a freehold, but a long lease: English Courtyard's is 99 years. An occupant must be at least 55 or 60, but ownership is unrestricted - it could be your children or a family trust.

Thereafter, some firms charge ground rent; the better schemes do not. All have a system for managing the whole property, with an annual service charge (perhaps £1,200) to cover building insurance, security, gardener, pool and so on. (You would have had to pay something similar in your old house, anyway.)

You must pay your own community charge or its replacement, contents insurance, electricity and water, and interior decoration - though in a new scheme, if you show interest early enough, you may be able to choose the colours at no extra cost.

The main hitch at the moment is selling your old property. But if you can find a buyer, remember that even in today's market, good-quality retirement housing does well at resale, often keeping its value in real terms. And if that does not concern you personally, your heirs will certainly be glad to know.

## Brief relief - as long as the price is right

The Tory victory will lift the market, says Michael Hanson, but cost still calls the shots

NOW THE outcome of the election is known, the uncertainty and inactivity in the property market should begin to evaporate, with housebuyers starting to appear again over the Easter weekend. However, many sellers whose properties have been on the market for some time are expected to review their asking prices to achieve a quick sale.

Andrew Hay, of Knight Frank and Rutley, expects a surge of properties to come on to the market as vendors who had hung on until the election come under pressure from their banks to reduce their borrowings. He thinks property prices have bottomed out, or are close to doing so. "But if the banks cause large volumes of property to be released too suddenly, values will fall dramatically," he warns.

Anticipating a Labour victory, several sales took place

before the election. Property developer Ian Pollard, of Flaxyard, sold Hazlebury Manor, his Grade I listed Elizabethan mansion in Wiltshire, for more than £2m to a Dutch businessman who will now be selling his 35-acre Garinish Island, off the south-west coast of Ireland.

Peter de Savary, who has just put his Devon country home, Waddeton Court, on the market for sale at £2.3m with 152 acres of land, is expected to review the asking price of Littlecote, his Grade I listed Elizabethan mansion in Wiltshire, which has been on the market quietly for 18 months. He paid Sir Seton Wills £7.5m for Littlecote in 1935 but he will be lucky to get £8m for it now.

Janet Holmes à Court, widow

of the Australian tycoon Robert Holmes à Court, may have to review the £17.5m asking price for her magnificent restored Grove House in Regent's Park, London, once the headquarters of the Nuffield Foundation, which has been on the market since January.

At this level of the market, much depends on the continued confidence of overseas buyers. Only a week ago, for example, Knight Frank and Rutley, acting jointly with Debenham Tewson and Chinnocks, completed the sale of Brook House in Park Lane to a consortium of overseas investors for £9.1m. The building, which was MBPC's headquarters, has planning permission

for redevelopment as 17 luxury flats.

Peter Braithwaite, a director of Debenham Tewson and Chinnocks, expects the steady stream of overseas buyers to continue because London is seen to be a safe place and prices are low, though he would not be surprised if some buyers hang back waiting for prices to drift even lower.

"We held a two-day property exhibition in Hong Kong recently," he says. "A few potential buyers asked about the likely effect of a Labour government, but most seem to think that prices are low enough, whereas in Hong Kong the market is at an all-time high. We sold a house in Earls Court a week ago to a Hong

Kong buyer for about £600,000."

St. Glenn Hickman, marketing director of Humberts, says: "The signals are not good. We had an offer of £1m on a house immediately before the election, but were told that if Labour won the buyer would have to withdraw."

Housebuilders have been hard hit by the recession, being forced to make provisions against the values of their land banks, to reduce the prices of houses and to give all sorts of incentives to achieve sales.

Charles Church, regarded as up-market developers, realigned themselves well ahead of the election. Chief executive Stewart Baseley

says: "We have virtually sold everything over £150,000, and for the past four months we have concentrated on building for first-time buyers with an average selling price of £100,000 in the south east."

Geoffrey van Cutsem, a director of Savills, advises vendors to review their asking prices immediately, or take their houses off the market if they do not need to sell.

"Vendors have not yet accepted that prices of properties over £500,000 have dropped a further 10 per cent this year already," he says. "I don't expect values to increase before 1993, and it will be four years before we get back to the peak of early 1985."

Having been seeking £1.95m

for Hinwick House in Bedfordshire, which has been the home of the Orlebar family for 500 years, Savills has just been instructed to offer the house at £1m by the mortgagees.

Guy Galbraith, who runs the Edinburgh office of Savills, says that Philip Byam-Cook, the former senior partner of City solicitors Macfarlanes, has reduced the price of his 23,000-acre Ben Alder sporting estate in the Highlands from £2.5m to £1.75m.

As for the beautiful 3,400-acre island of Gigha, three miles off the Mull of Kintyre, which Savills is selling for the Swiss bank Interalliance, the reputable creditors of Malcolm Fother's Tanap Investments, it is unlikely to approach the

£5.25m paid for it in 1989.

Anthony Cane, the partner of Strutt and Parker, who is about to bring the late Jim Joel's 450-acre Childwickbury Stud in Hertfordshire to the market, and is currently seeking £3.75m for the 1,500-acre Roadnight Farm at Britwell Salome, Oxfordshire, says: "People have got to lower their prices if they want to sell."

Andrew Grant, who has just celebrated 21 years as an estate agent in Hereford and Worcester, has been selling higher-priced properties where vendors have reduced their prices in recent weeks. "People have got so fed up with waiting," he says. "In the end you have to forget about politicians and get on with your life."

But Guy Galbraith of Savills has another tip for investors: "Forestry is going to be the thing," he predicts. "Where else can you protect your investment in a tax-free environment?"

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## BOOKS

## This royal throne of myth

A L Rowse takes the Poet Laureate to task for his view of Shakespeare



THE Poet Laureate's book stems from two sources, he tells us: "The first of these was my sustained interest in the mythologies and folklores of the world, which had long preceded my interest in poetry and had in a way led me to poetry."

The second arose from an "old notion of the last fifteen plays, hugely shuffled and re-arranged to make a *perpetuum mobile* maze of metamorphic episodes, play dissolving into play, characters going through their transformations, in and out of each other's worlds, like supernatural, dying and resurrected in a real myth."

So we have been warned: we are dealing with a mythical Shakespeare. The author admits suggestively, "in the end of course, all this is speculation," and that "almost anything can be projected into Shakespeare". He therefore proceeds to project it, for more than 500 pages.

He is concerned only with the last 15 plays, with the notion of turning them into facets of one myth, as it might be one long Indian epic.

He informs us that myth predominates over Plot — as it does with him, if not with Shakespeare. This is, as he says, "always setting the histories aside." But the real world of history occupies more than a third of the Plays, and Shakespeare was the most historically minded of dramatists, concerned to depict the real world as well as an imaginative (rather than a mythical) one.

All these later works, we are told, go back to the two early narrative

poems and the myths that are supposed to lie behind them. "The myth behind *Venus and Adonis* operated as the 'myth' of Catholicism, while the myth behind *Lucrece* operated as that of Puritanism."

*Venus and Adonis* is to be regarded as a "shamanic initiation dream." Shakespeare is a shaman — as Hitler and Stalin were, caught in the "crucible" of the Elizabethan age, he was also a "salmonander." This is a poetic idea, if hardly recognisable to common sense.

What this leads to reads some-

times absurdly. It is well known that Shakespeare, as a country man, was "sportive," addicted to country sports. The poem includes a realistic depiction of hare-coursing. What this becomes in this reduction of everything to myth is the following:

"The hare, in all mythologies and spontaneous dream life, is the mystic animal of the menstrual cycle, the self-sacrificial victim and divinity of the womb's ritual of reproduction, the moon's own magical love creature, in oestrus, passive, appealing."

After this anything may happen, or become anything else — and it

does. We are told that, "reincarnating Wriothesley (ie Southampton) as *Adonis*, he reincarnates himself as *Venus*. Shakespeare has identified himself, that is, at what was evidently a most inflammable moment of his life, with the Great Goddess of Love possessed by a hopeless passion for *Adonis*/Wriothesley."

I do not like to call this nonsense, but it is the exact opposite of what Shakespeare himself tells us. He says that Nature "by addition one thing to my purpose nothing."

All would be well if the effeminate-looking young man were indeed a woman, but he has a prick, which is nothing to William's purpose. Hence "since she pricked thee out for women's pleasure / Mine be thy love, and thy love's use their treasure." Let the women have him — Shakespeare's hopeless passion was for his dark young mistress; everything in his work, as in his life, shows that he was a heterosexual family man.

As for his relations with his young patron, John Donne at the time knew what the situation was. "And they who write to Lords rewards to get — / Are they not like singers at doors for meat?" Others have noticed that not very kind comment; but it is the truth about the matter — Shakespeare needed the young patron for support during those plague years.

There is a similar inversion of sense when we come to *All's Well*

that *Ends Well*. Hughes views it autobiographically: no objection to that, except that again he gets it wrong. Young Count Bertram is reluctant to marry (like Southampton), flings off abroad (like Southampton), shows courage in fighting there (as Southampton did in Ireland); Shakespeare is obviously recalling the young patron's record. Hughes would see Shakespeare as young Bertram! — ludicrous: nobody else would.

To understand Shakespeare one needs a good, sound commonsense knowledge of the time he lived in. To Hughes, it was "a supernova moment, which, it seems, can happen only once in a lifetime, as in a star. And while the Red Giant swelled towards the ultimate explosion, disintegration and collapse, Shakespeare's dramas incarnated the chemistry of the whole process."

Celtic exaggeration is the idiom of the book: "explosions" occur frequently, the myth of the Boar — "that holiest of Celtic beasts" — a hundred times. Mythic and Tragic Equations a couple of hundred right. Better to get the facts right. Burghley was not a patron of poets, as Spenser found to his cost. Archbishop Whitgift was not a Puritan but their greatest enemy. "Confidence" was precisely what Elizabeth I did not have in Raleigh.

And so on. But what is the use in the stratosphere? What we need is down-to-earth facts and evidence, interpreted by Elizabethan scholarship, for common sense about Shakespeare.

ANNA DANILOVA is a Russian poet, arrived in Britain to campaign for the release of her brother, imprisoned during the last days of the Soviet Union. She encounters Richard Vaisey, professor of Russian at the London "School of Slavonic Studies", and they fall in love. There are complications: Vaisey is married, to the beautiful, rich but impossible Cordelia; Anna is not a particularly distinguished poet, in fact she is a very bad one, and it turns out that her brother is behind bars probably because he deserves to be. When Vaisey finally signs the petition for his release, he does so in the knowledge that his academic reputation will be damaged.

The *Russian Girl* is a thin affair, with its clutch of interwoven themes buried in prose that is too often clogged and uneven. One wades through pages of opaque narrative, tripping over the sentence construction, in the hope of the

Fiction  
The old softy

THE RUSSIAN GIRL  
by Kingsley Amis  
Hutchinson, £14.99, 296 pages

odd jewelled one-liner, an attack on a familiar Amis target (overbearing women, vulgar pretension, ill-educated youth) or the occasional more extended passage when the writing comes into sharp focus.

Those moments of lucidity underline the uncertainty of the rest. Just before all the loose ends are tied up, before Cordelia is allowed her petty revenge and Anna and Richard, poorer but happy, can go off into the sunset together, there is a short exchange between Vaisey and Cordelia's first husband, Godfrey. He did not leave her, he tells Richard. "Until I was satisfied as I was

ever going to be that I had a substantial right to bring about the tremendous emotional upheaval of breaking up my marriage by walking out on my wife. . . You need the thought of a proper right. Rage and hate and fear get you through at the time. But they don't last for ever. Nothing can. Except remorse. Just now and then."

At such moments the cynicism and detachment fall away, and Amis reveals how much he cares about his characters, about the pain they inflict upon each other, the hopeless messes they make out of their conflicting loyalties; cares about them in ways that the brittle, jokey surfaces mask all too effectively. At heart he is an old softy. Even the monstrous, wretched Cordelia, whose affected accent Amis

parodies in cruel streams of phonetic dialogue, gets her moments of compassion, the hints that beneath the manipulations and the snobbery is someone far more vulnerable than her husband ever realises.

The odd crude caricature aside, it is not particularly a misogynist tract — far less paranoid about women's power and men's powerlessness than, for instance, *Stanley and the Women* — though Amis generally maintains his wary distance. The Russian girl herself comes over as not much more than a cypher, merely the passport to a new life for Vaisey, and freedom from his academic obligations and domestic snares. Anna is attractive enough, good in bed, there are enough samples of her verse for its awfulness to be credible. But she just materialises out of nowhere with her story of Communist injustice, the answer to a trapped man's prayers.

Andrew Clements

## Dreams under her feet

THE GONNE-YEATS  
LETTERS 1893-1938  
edited by Anna  
MacBride White and  
A Norman Jeffare  
Hutchinson, £25, 544 pages

ON January 30 1899 a young nationalist, tall, imposing and said to be the most beautiful woman in Ireland, descended from a hansom cab to visit the home of the painter John Butler Yeats. His son, the aspiring poet Willie, opened the door, and what he called the troubling of his life began: Yeats fell instantly in love.

For 14 years, he pursued Maud Gonne; he proposed to her, worked with her, wrote obsessively to and about her. She was a radical inspired to nationalism after seeing Dublin tenements crisscrossed by absentee landlords. He was a dreamy aesthete. Their meeting ground was Celtic mysticism and Irish literature, and Maud agreed to a "mystical marriage."

Yeats pressed for a material one, kept aloof from other women, believed she would marry no one. Then, about to give a lecture in 1903, he received a letter, addressed in the familiar hand, telling him that she had married an Irish militant, Major John MacBride, in Paris. "The ears being deafened, the sight of the eyes blind and lightning", he staggered through the lecture and set about reconstructing his life.

The letters about her marriage are among nearly 400 from Maud to Yeats collected in this compelling volume;

only a handful of his to her survived the ransacking of her Dublin home by Free Staters. Yeats once said his meeting with Maud Gonne reverberated through his life like a Burmese gong in the middle of a test. Here, for the first time, is extensive evidence of Maud's side of the relationship which has beguiled scholars for half a century; her life told in her own voice.

Was she a frigid goddess, a manipulative politician, or simply a woman who could not make up her mind? This correspondence unravels rather the story of two absolutists set for head-on collision. "For the honour of our country, the world must recognise you one of the Great Poets of the century," she writes. But fanaticism came to colour her reactions — Dreyfus is "an uninteresting Jew", later, Hitler was her hope of revenge on England — while Yeats turned from the struggle to criticise her "joyous and self-forgetting condition of

political hate". What these highly-charged letters make clear is that Gonne lost herself in politics as she never could in love, and that Yeats' refusal to grasp this led to the anguish and near breakdown that ruined his youth. Maud, her firebrand letters full of an unswerving interest in the event of the moment, whether upsetting Queen Victoria's visit to Ireland or extirpating herself from Holloway Prison, never understood her effect on Yeats.

When his patron Lady Gregory asked her intentions, she snapped that she and Yeats had more important things to think about than marriage. Later, she claimed her liaison with MacBride was engineered to disguise as a Spanish honeymoon his attempt to assassinate Edward VII in Gibraltar. But MacBride got too drunk to carry it out, and after a year of ineffectual marriage she sued her unruly rebel-husband for divorce. "Of a hero I had made, nothing remains, and the disillusion has been cruel."

Yeats met her honesty with generosity, support, advice over soldiers. Hope surged in 1916, when MacBride was executed in the Easter Rising. Yeats is still proposing marriage. Did they ever sleep together? Maud, according to Yeats and others, had "a dread

of physical love," and tried to limit sex to procreation (after her first child died, she descended with her lover, a French revolutionary, to his tomb to conceive another baby in whom the first would be reincarnated).

Yeats said he and Maud were briefly lovers in 1908. In her letters then she dreams of him as a serpent but is most passionate in aceticism: "My loved one I belong to you more in this renunciation than if I came to you in sin. Did you not say yourself that our love must be holy?"

Every one of her letters confirms a temperament unconcerned, too strong in its beliefs to change. For decades Yeats met her romanticism with his own, but finally he snatched happiness for himself and married a younger woman. They rented Maud's house while she was in prison; on her return, Yeats, fearful for his pregnant bride, turned her away at the door — he knew his loyalties. But they stayed friends, and she appears in his last poems, written when both were in their 70s. In

our century, only another Irish cause, James Joyce's wife Nora, was as significant in literary history. It is inconceivable that Yeats would have written the same poetry had he not met Maud Gonne; if she had wanted him, he even wrote, "I might have thrown poor words away/And been content to live". A classic story: the introspective poet rejected by a beautiful heroine for a man of action. It makes a book thrilling in itself and invaluable as a commentary on so autobiographical a poet.

Jackie Willschlager

## Working class hero

WILLY BRANDT is one of the three great statesmen of post-war Europe. The others are Konrad Adenauer and Charles de Gaulle, to whom Brandt pays tribute — although more to the Frenchman than his fellow German. All three saw the Franco-German relationship as crucial to European peace.

Where Brandt differed is that he came of working class origins and belonged to the democratic left almost from the start. No one should underestimate the tribulations of Adenauer and de Gaulle, but Brandt probably had a harder life, as full of downs as ups, and sometimes vilified by his own people. He survived, to develop the fruits of their labours and to make decisive contributions of his own.

It is typical of the man that he has produced a somewhat rambling political life. He notes that it is "simpler to write a book alone than with dozen other people". That is what he seems to have done. *My Life in Politics* is Brandt writing personally rather than writing Brandt Report. The book jumps all over the place, starting with the crises in post-war Berlin, reverting to childhood, moving to his role in government, then covering his remarkably long political after-life following his resignation as Federal Chancellor in 1974.

Yet the theme of a peaceful Germany in harmony with its neighbours is never far away. Brandt's aim was no less than that, and probably no more. German unification would never have come about so quickly without the emergence of Gorbachev. But Brandt's policy of "small steps" helped clear the way, as did the poli-

cies of Adenauer and de Gaulle before him. In these memoirs it is impossible not to detect a perceived continuity.

Adenauer saw his task as the first federal chancellor in cementing relations with the west and making Germany respectable. He told Brandt that the Soviet Union would not be able to stand up to pressures from both China and the west indefinitely, therefore changes in eastern Europe might come eventually. De Gaulle pondered movement east of the Elbe before most Germans seriously began to contemplate it. Brandt salutes him: "He had ventured to think Utopian thoughts of a

permanently peaceful Europe." In his perceptions, he came closer to a whole Europe than any of those who wanted to adapt too fast and too permanently to the post-war landscape.

What most people outside failed to understand was how firm relations between Bonn and Paris had become. That was particularly true of the British. Brandt tells how George Brown, as foreign secretary, said: "Willy, you must get us into Europe, so we can take the lead." He admits that "in common with leading British politicians" he did not see Britain as an essential part of Europe except in times of war. It was France that mattered. So did Poland. While Adenauer thought that Europe stopped at the Elbe and drew the curtains at Magdeburg "so he did not have to see the

steppes of Asia", Brandt believed that the same history could rank had to be given to reconciliation between Germans and Poles as between Germans and French. That was one of his great achievements as chancellor.

Brandt attaches special importance to peace. He thinks that Adenauer was governed by being a Rhinelanders and considered himself "more a west German than simply a German." Coming from Lübeck and spending his formative years in voluntary exile in Scandinavia, Brandt was subject to different influences. That affected both his view of Germany and social democracy: he regrets that he has not been given enough credit for his role as a reforming chancellor in domestic policy — following the Swedish model. We should not take the geographical influence too far. Helmut Schmidt came from nearby Hamburg, and did not have the same views on social democracy. Brandt says that the difference there was one of temperament: both Brandt and Schmidt at times must have both been prickly to work with.

There is a bitter chapter on Brandt's resignation as chancellor after the discovery of an east German spy on his personal staff. He writes now that he should never have gone. That does not accord with his mood of the time, when he seemed exhausted. It is also odd that he should poke fun at Ludwig Erhard for having asked, as economics minister, how much it would cost to buy East Germany from the Russians. After all, that is nearly what happened in the end.

Malcolm Rutherford

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## ARTS

## A twisting road west

Max Loppert on Sergey Leiferkus

"IT HAS nothing to do with glasnost or the political changes in Russia - nothing!" Sergey Leiferkus underlines his point with an amiable rap on the table, his brilliant blue eyes flashing friendly fire. We are tracing the twists and turns of a career launched in the West in 1982 which has made him the singer from eastern Europe most regularly seen and heard by British audiences since the war.

It has been an extraordinary career, for which he gives thanks entirely to fate. Not quite ten years ago Leiferkus arrived from Leningrad to take the leading male role in Massenet's *Griseïde* at the Westford Festival. Next Tuesday he does the same in the new Royal Opera production of Prokofiev's *Fiery Angel*. In between his Irish Massenet and Covent Garden Prokofiev there have been an unprecedented number of engagements on the stages of the British Isles.

The Coliseum performances were, of course, sung in English; his accented but clear and highly expressive use of the language only added to the ecstasies of his performances. Covent Garden saw him first during the 1987 London visit of the Kirov; the house's own 1989 new *Prokofiev* production followed, and *Prince Igor* the following year.

Leningrad reverted to the name St Petersburg, and the Kirov that of Maryinsky. While maintaining his close connections with both, Leiferkus sings throughout Europe and America. He has bought himself a house near Oxford, and delights in the "family atmosphere" of British artistic institutions; he tells people, with relish, that he "lives in a village, in a village, on an island, Britain".

How did it happen? It was his good fortune to acquire an English agent, Robert Slotover, of Allied Artists, via a recommendation from the celebrated Russian bass Yevgeny Nesterenko. Jack also attracted the attention of Westford's artistic director, Elaine Padmore, a talent scout of renown. But it was those qualities immediately sensed in Leiferkus's *Griseïde* Marquis that must have encouraged other British houses to persevere with him.

It was true that the flow of Russian singers to British houses never entirely ceased even during the icest periods of Cold War hostility. But often those singers, once arrived, looked and sounded out of place, with vocal and physical gestures that proclaimed entirely different - and apparently unimpeachable - traditions of operatic rhetoric. Nature and education had

Sergey Leiferkus opens in *Fiery Angel* on Tuesday

already prepared Leiferkus for a different sort of encounter. Though finding himself initially ill-equipped for Western life and Western artistic practices he was ready to embrace both. For one thing, he had learned English at school; and from his youthful days at the Mary Theatre (now grandiosely renamed the National Theatre of St Petersburg) he had worked up an appetite for many varieties of operatic idioms and stage-styles - not just the heavy naturalism practised at the Kirov and Bolshoi.

He needed it. His first British show was the Scottish Opera *Don Giovanni* production by Graham Vick that soon became notorious for, among other things, the scot in which Giovanni, a gangster in sharp suit and fedora, drunks Massetto's head in an onstage lavatory bowl. "I really loved that production. I miss it. It was so clever, so alive in its presentation of the characters and the relationships." He enjoyed no less the chance offered by

David Pountney's ENO *Carman*, set in a car-wreckers' yard, to play Escamille with Elvis Presley hairdo, leather jacket and swagger; and he speaks with the born stage-animal's close interest in detail of the unforgotten physical demands required of his Scarpa by Opera North's *Tosca*, moved forward to Fuccini's own time.

In the "school" (as he calls it) of Western production Leiferkus has developed into one of the world's most remarkable singing-actors: a chameleon of medium size and compact build who seems to grow in inches when playing noble leaders such as Prince Igor or swill with just the right degree of hauteur for Onegin; the secondary figures in his repertory tend to develop a weight of impact unrelated to the time they spend on stage.

But in the end, the supreme distinguishing attribute of the great singing-actor is the voice

itself. Leiferkus's lean, dark-toned baritone, mottled for the heavier assignments like Wagner's Telramund and Verdi's Iago as well as for Mozart and Tchaikovsky, is an instrument of wide compass and wonderful but rather undemonstrative beauty. Lacking the rich lustre of the younger Russian Hvorostovsky and the Italianate vibrancy of Vladimir Chernov, his Maryinsky colleague, he tends to make his points through that specially subtle, eloquent musicianship afforded by expert vocal technique.

After a recent New York *Queen of Spades* concert performance Andrew Porter was moved to remark (in the *New Yorker*) that in (Leiferkus's) command of every vocal resource... the great days of Imperial Russian singing seem to return. Yet he is oddly dismissive of his voice - "I don't really like it, the timbre is never quite what I expect". While quietly confident of his suitability to Onegin (which he has sung more than any other), he responds to criticisms of his Italian enunciation with a modesty that is refreshing.

Like all artists of his calibre he is continually absorbed in niceties of style, in the need to offer more than peacock vocal displays. For that reason, too, he is anxious that the durably valuable features of Russian opera should not be abandoned amid all the turmoil of change. Whether on the operatic stage or the concert platform he reveals himself as belonging to that most elevated species of international performers - the singing-actor with a strong national identity and unbounded artistic horizons.

*Fiery Angel* plays at Covent Garden from April 14 to May 2.

## By George, she's got it . . .

SHAW'S *Pygmalion* reads and looks so like the play for a musical that, with hindsight, it is remarkable that more than 40 years elapsed before the emergence of *My Fair Lady*. No modern audience can now see the play without being reminded of the lyrics and probably coming to the conclusion that the musical is better than the original.

The new production at the Royal National Theatre does not seek to conceal those facts; it would be foolish to try. Instead it makes a virtue of them: here is the piece that led to an even greater success in different form and an invitation to see why.

The attempt is about 90 per cent successful, which is high praise given the odds against. Oddly enough, Howard Davies' direction is at its weakest when it seeks to dwell on *Pygmalion* as some kind of Hollywood ballet, with Eliza Doolittle drifting through the streets of London, the music playing in the background, the scenery moving and the lights flickering. One might say the same about the ball scene.

There is a period early in the second act when there is virtually no dialogue. However heroic William Dudley's designs and Mark Henderson's - and both are on the grand scale - this contrasts strangely with what has gone before.

For *Pygmalion*, above all, is a play about words and language. That is why Shaw wrote it and why even the musical depends on having such good lyrics, some of the lines being taken almost literally from the original play text. For at least 10 minutes I thought that the production had gone seriously off the rails before dialogue returned.

And return it does. *Pygmalion* has a very good plot, with excellent parts all round. There may be reservations nowadays about Eliza's father, Alfred, just as there are about Captain Shover in Shaw's *Heartbreak House*, which is currently playing at the Haymarket. When Alfred seeks to make the distinction between the deserving and the undeserving poor and to moralise about the role of the middle class, there is a little too much of Shaw the paradoxical thinker rather



Frances Barber as Eliza Doolittle, Alan Howard as Henry Higgins, and Gillian Barge as Mrs Higgins

than Shaw the brilliant playwright. This element has not worn well. Although there is nothing wrong with Michael Bryant's playing of the part, he would be happier in the musical with some of the lines cut.

One of the smaller parts that is superbly played is Alison Fiske's Mrs Pearce, the housekeeper. She has a wonderfully indispensable role in the Wimpole street bachelor house. Watch her putting Eliza in the bath - a marvellous vignette in itself. It is a great pity that the part disappears as the play goes on.

Gillian Barge also shows how much can be made of Mrs Higgins, mother of Henry. She is a formidable lady with all Lady Bracknell's presence, but without her intolerances.

Alan Howard, as Henry Higgins, is her very boyish son. He is the professor who never

grows up. She knows that; he knows it too, and in the end Eliza comes to realise it as well. He is a clever, self-indulgent child with the bachelor habits of premature middle age.

Howard understands the part through and through. Robin Bailey as the older Colonel Pickering is the perfect foil, and rightly does not attempt more than that.

That leaves Eliza. Curiously, it is rather a straight part. We know where she comes from and where she goes. All she has to do is deliver - but the play would fall if she put a foot wrong. Frances Barber never does. As the play closes, she radiates self-confidence - both as Eliza and as Frances Barber.

■ In repertory at the Olivier Theatre. Sponsored by Digital Equipment Company Ltd. 071-928-2252

Malcolm Rutherford

## In debt to Russia

THE CAUSE could not be better, more deserving support or nearer to the hearts of ballet and opera lovers. The Maryinsky Theatre, that most beautiful of lyric houses, needs help in these times of renewal. A performance by members of the theatre's opera and ballet troupes, by its orchestra, and by the students of the Vaganova Academy which shapes the future dancers for the Petersburg ballet, must tell something of the debt we owe to Russian dance and music. Hence Thursday night's gala at Covent Garden, *Don Giovanni*, under the elegant title "Welcome back St. Petersburg".

Galas, by their charitable nature - generosity from artists as from patrons - defy

criticism. It would be idle, though, to pretend that all was quite for the best in aid of the best of all possible theatres. As an omen, the programme book provided a photograph that would have us believe that the Maryinsky Theatre is externally blue, instead of that pale and mysterious Petersburg green, and there are errors in the text which suggest hurried editing.

The evening comprised in the main, as the programme book tells, the opera *Don Giovanni*, by Mozart, with the Vaganova Academy, and the opera *Don Giovanni*, by Mozart, with the Vaganova Academy.

from Boris; the Streltsy scene from *Khozhuschchina*; the *Epilogue from Prokofiev's War and Peace*, and some balletic "gems from the classics". The result was over-generous - and with a running time of four hours, a tax on enthusiasm. With less, but more extended, contributions - the ballet looked distinctly under par on the terms of fly-by-night virtuosity - the evening would have been a truer, more flattering portrait of the lyric arts in St. Petersburg. The Vaganova school students - very young, limbs still delicate - were proud upholders of their academy's

traditions in the children's polonaise and mazurka from Pagliacci; they showed dancing already nuanced, elegant. The overwhelming merit of the evening came from those elements which were most truly themselves: the orchestra and the opera choros. The opening orchestral item - the introduction and dances from Tchaikovsky's *The Snow Maiden* - proclaimed, yet again, the magnificence of the Maryinsky musicians, with supremely sensitive strings, and Valery Gergiev led playing of passionate involvement. The chorus was no less splendid. In the closing

moments of the Streltsy scene, tears must have been near many eyes as we heard the voice of Russia plain: noble, glorious. And in the epilogue to *War and Peace*, the hymn of thanksgiving for deliverance from Russia and for all of us who love that great country, and acknowledge our profound debt to its arts.

In an introduction to the evening, Sir Peter Ustinov recalled telling a Moscow crowd that "we have much to learn from each other." What we have to give - and hence factors please note - is practical support, as one would to a dear friend. We cannot do less for a theatre and its artists who so enriched our lives.

Clement Crisp

## Passionate Giovanni

WITH ABOUT half its nationwide television audience, *Don Giovanni* is well into its stride. There are two operas on offer this spring, and on Thursday the company gave the audience at Brighton's Theatre Royal a *Don Giovanni* full of vigour and passion which should fairly completely have taken everybody's mind off the political drama unfolding during the course of that evening.

It might not have been so. There has been a tendency, in recent years, for productions of this opera to make great play of the political issues raised by this many-faceted masterpiece, at the expense of the rest.

We saw one side of that in the recent Royal Opera production. *Don Giovanni* - it told us in no uncertain fashion - is a serious affair. The action took place in sets of unremitting gloom, as the lights went out on many of the opera's sensual attractions and all its comedy designed for touring, by Les Brothers, there is still a lot of low-lit activity; but it is a nocturnal drama shot through with many shafts of lighter wit and warmer human feelings.

Stephen Medcalf, Opera 80's director of productions, has done the company proud in delivering a staging which is true to traditional ideas about the opera, while having an energy that is entirely fresh

and invigorating. No apology is made for the fact that sexual drive is at the heart of what *Don Giovanni* is all about. And rightly so, when Mozart's perceptions on that subject are not at all old-fashioned even in the 20th century. It is one of those evenings when everybody knows his or her place in the drama, even if vocal standards are up and down at times. Michael John Pearson is a Leporello who has learned plenty from watching his master at work, about how to be a charmer. Lisa Tyrrell sings an attractive Zerlina. The soprano Fiona Cameron, strong and steady of voice, makes a dignified Donna Anna.

An innovation on Thursday (to be followed at three other venues on the tour) was the provision of a running commentary in sign language for the hard of hearing. At the speed at which a lot of this performance went, under Paul McGlashan, it was a brave job for the interpreter to keep up. Plenty of life, then, all round - more, arguably, than in the Royal Opera's staging; far more than in Opera Factory's recent lacklustre showing. London audiences could do worse than to catch this *Don Giovanni* when it comes to Sadler's Wells in May.

The other opera on tour is *Albert Herring*, which also has a generally commendable cast. Richard Edgar-Wilson is the nervy Albert, still hanging on mum's apron strings. Susan Gorton gives a remarkable impression of Peggy Mount trying to outbid Margaret Rutherford in the role of Miss Pike. Penelope Chalmers is suitably dragon-like as the manic, bald

Lady Billows, who lives inside a perspex cage. But wait a moment. Bald? Living in a perspex cage? Yes: unfortunately this is one of those productions which got into its own head, and has ended up turning people who are caricatures anyway into grotesque Spitting Image-like puppet versions of their real selves. The comedy has turned into farce. The satire has become vicious hyperbole. Benjamin Britten, the composer, would certainly not have been amused, and I fear that not many in the audience were either, to judge from the disappointingly low laughter level.

But there was one delightful coincidence. Brighton was lucky enough to see this *Albert Herring* on April 10, the very day when Lady Billows and her fellow village worthies met to elect a Queen of the May: a satirical observation, perhaps, on election week.

Opera 80 is on tour in England. It will play two weeks at Sadler's Wells Theatre, London, from May 19 to 30 (Box Office 071-278-8916)

Richard Fairman

## Trio too cute in tinsel

IS THERE life after Bananarama? Well, yes and no; more a kind of purgatory, with a deep dread that things might get worse. Slothian Fahey was responsible for a third of the outrages of Bananarama, the manufactured all-girl trio which gave the public what they wanted to hear and the critics what they wanted to tear apart.

Fed up with stealing sweets from children, she teamed up with Marcello Detroit, a substantial songwriter in every sense, to form Shakespeare's Sister. The joke name (note the dropping of the final "e") says it all, as did the empty stage at the Town and Country, empty apart from multi-tonnes of hardware, which confronted the packed audience for many tedious minutes before the girls leapt on to it, wearing the kind of tinselly jump suits that you thought had disappeared with Sweet.

There is nothing much wrong with Shakespeare's Sister - damnit, they have a heavy selling single in "Stay" - which a little objectivity would not cure. They are just too consciously cute. Fahey looking about the stage like an *infatuated* auditioning for "That's Life". But their management has been able to afford a very professional back-up band - not least the guitarist, a louché youth who looks incredulous when Fahey lies down, hammering her heels into the stage, over-excited by his performance.

So it is just a show, with the music a bit poppy, a bit punky, a bit pretentious. The unique selling proposition is the strong voice of the duo, plus their white-faced girls-on-top look. It is all rather reminiscent of 1970s Poly rock. The best songs were the more soulful, like "Heaven is in Your Heartbeat," which seems at odds with the relentless clowning. Superficially, Shakespeare's Sister are fine, but there is enough talent on offer to produce an enduring class act. Perhaps success has come too easy, too soon.

Antony Thornecroft

## A Family Affair

THE PLOT of Ostrovsky's play, written in 1850 and censored on the Tsar's orders, runs fundamentally like this: to hoodwink his creditors, the wealthy merchant Bolshov makes over most of his assets to his clerk Lazar and goes bankrupt. The scheme is that he can settle his debts at some trivial rate, and Lazar with them return the property. To ensure Lazar's loyalty, Bolshov marries him to his daughter Lipochka, although a matchmaker has already found her a husband more to her taste. Lazar has learnt much from his master, however. He is content to see him languish in a debtor's gaol, rather than return his property; and Lipochka has used all the ill-gotten wealth to buy herself into a society as good as whatever she may have missed.

Nick Dear's adaptation goes easy on Ostrovsky's financial complexities, but emphasises the comedy and the sex, much of which is his own addition. The result is a very funny play, but without such condemnation of the merchant class as led to the original ban, and this is a pity. The dishonesty is taken as a joke, and pages of the admirable programme are given over to the comic affairs of the Guinness takeover, the Clowes swindle, and the Robert Maxwell pensions affair.

Direct Martin Houston is clearly more on Dear's side than Ostrovsky's. The self-conscious excess of dirty words may have come from the adapter, and there is frequent public coupling, in more detail than one is used to in this kind of theatre. (The only two out of a cast of eight that I never saw at it were Bolshov and his

wife.) Like the merchant's ill-dealing, this is presented with no sign of disapproval.

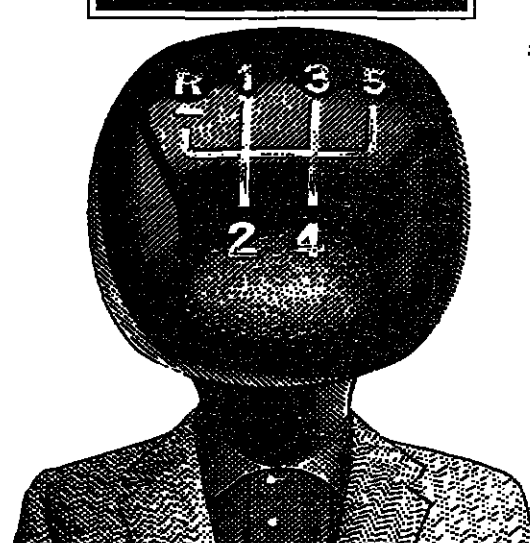
Mark Chatterton's Lazar graduates from simple clerkdom to a sublime self-satisfaction that he learned from Robin Polley's Bolshov without incorporating the built-in bad temper. Sharon Muircroft's Lipochka is a blonde career-girl, very much of our day rather than Ostrovsky's; and

there is delightful work from Tina Jones as the match-maker and John Fleming as a drinking solicitor. The costumes and décor by Nettie Edwards are as effectively between periods as Dear's script.

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B A Young

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... and are now in need of help themselves. A legacy or donation can help towards the cost of nursing home fees, council tax, winter fuel bills etc. Please ask the NBI to send you details of ways in which you may be able to help us, or send whatever you can spare.

The Secretary, The National Benefvolent Institution (F.T.I.)

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TELEVISION  
SATURDAY

## BBC1

9.35 Open University. 7.35 News. 7.30 Crystal Palace. 7.35 Wizz Bang. 7.45 Bravest. 7.45 Eggs 'n' Baker. 8.35 Thundercats. 8.50 Going Live! Including pop group. 9.00 Fred, comedians Little and Large. Eurovision singer Michael Ball. Comic Relief's Harry Enfield. Tony Robinson and Emma Fieldy. Introduced by Philip Schofield and Sarah Greene.

12.12 Weather.

12.15 Grandstand. Introduced by Bob Wilson. 12.20 Golf from Augusta: The Masters. Commentary by Steve Rider and Peter Alliss. 1.00 News. 1.05 Football/Cricket: Reviews of the FA Cup semi-finals, and previewing the new cricket season. 1.30 Touring Cars: The British Championships from Silverstone. 1.55 Racing from Newbury. At 2.00 The Staghunters. 2.05 Formula Three: The British Championships. 2.25 Racing: At 2.30 The Ladies End John Porter. 2.35 Stakes. 2.35 Swimming from Sheffield: The Club Team Championship. 2.55 Racing: At 3.00 The Singer and Friedlander. 3.05 Stakes. 3.05 Swimming. 3.25 Racing: At 3.30 The Ladbrokes Spring Handicap. 3.35 Swimming. 3.50 Football Half Times. 4.00 Golf: 4.35 Final Score. Times may vary.

5.10 News.

5.20 Regional News and Sport.

5.25 Jim Tooned.

5.50 Jim's Film. Jim makes more dreams come true.

6.25 That's Showbusiness.

6.55 Film: Back to the Future. First of the time travel adventures starring Michael J. Fox. Marty McFly is an average American teenager who finds his life, past and present, will change unless he can get back to the future. With Christopher Lloyd (1989).

8.30 On the Up. Tony has all his family at home. But the household is threatened when Maggie hands in her notice. Comedy, with Dennis Waterman and Julia Russell.

9.20 News and Sport. Weather.

9.40 Casualty.

10.30 Rowena Atkinson Live. The star of Blackadder delivers his comedy talents in this one-hour special of his stage sketches from the last 10 years. With Angus Deayton.

11.25 Film: Uncommon Valor. A group of misfit soldiers to locate and rescue soldiers missing in action. Starring Gene Hackman and Patrick Swayze (1983).

1.05 Weather.

1.10 Close.

## BBC2

6.40 Open University.

9.00 Mahabharat. (English subtitles).

3.40 The Sky at Night. Patrick Moore is joined by Dr David Mallin of the Anglo-Australian Observatory in New South Wales, who demonstrates his revolutionary photographic techniques.

4.00 Film: What a Carve Up. A madman takes his own death so he can murder his relatives. Comedy, starring Sid James, Dennis Price, Donald Pleasence, Kenneth Connor and Shirley Eaton. Based on the novel The Ghoul (1961).

6.25 Late Again. Highlights of this week's Late Shows.

6.10 News and Sport. Weather.

6.25 Young Musicians of the Year. The Concerto Final of the 1992 competition, performed in front of its patron, The Duchess of Kent, at Glasgow's Royal Concert Hall. The four finalists each play a concerto accompanied by the National Youth Orchestra of Great Britain. Humphrey Burton and conductor Paul Daniel present the show with a jury chaired by Sir Denis Forman, including Alan Holdstock, Cécile Ousset and George Zuckerman. Also coverage of the first Lloyd Bank Young Composer Award.

9.10 Golf: The Masters. Steve Rider introduces live coverage of the third round from Augusta. The halfway cut has been made and the serious business of contending for the title begins. With commentary by Peter Alliss, Bruce Critchley and Dave Marr.

11.45 Film: Two Women. A woman and her daughter trek south during the Allied bombing of Rome, and face a hard time at the hands of invading soldiers. Starring Sophia Loren with Jean-Paul Belmondo, Raf Vallone and Eleanora Brown. Directed by Vittorio de Sica (1961).

1.25 Close.

## LWT

6.00 TV-am. 9.25 Film: Third Man on the Mountain. 11.25 Cartoon Time. 11.35 Zorro. 12.00 The ITV Chart Show.

1.00 ITN News. Weather.

1.05 LWT News. Weather.

1.10 Saint and Greaves. Previewing tomorrow's Rumbelows League Cup Final between Nottingham Forest and Manchester Utd. Plus the first of two reports on the forthcoming European Championship.

1.55 The Day.

2.00 Cartoon Time.

2.15 Golf - Rome Masters 1992. Highlights of a new tournament from the Magnifico Golf Club near Rome.

3.15 Film: Isn't Life Wonderful? Lively family comedy about a drunken uncle who attempts to reconcile a lovers' quarrel. Starring Donald Wolf and Eileen Herlie (1952).

4.45 Results Service.

5.00 ITN News. Weather.

5.05 LWT News. Weather.

5.15 Cartoon Time.

5.25 Beverly Hills 90210.

5.30 Family Fortunes.

5.50 Barrymore. Compilation.

7.55 The Opening of EuroDisney. Cher, Gloria Estefan, Tina Turner, Jose Carreras, The Four Tops, The Temptations and the Gipsy Kings help the celebrations along. Hosted by Pat Sharp and Matthew Kelly, who give a preview of the complex's attractions.

10.05 ITN News. Weather.

10.20 LWT Weather.

10.25 Aspel and Company includes singer and Oscar-winning actress Cher, comedy actor Richard Wilson and Irish comedian Sean Hughes.

11.10 Metro. Ian Dury looks at new production 'Pygmalion and the Mad Hatter'.

11.45 It's Bizarre! Presented by Linda Lusardi and Richard Dwyer. Guests include former Stars on Sunday presenter Jess Yates and ex-Exonator Street star Chris Quinlan. Plus, a British belly-dancer describes how she endured 11 operations on her face in an attempt to look oriental. Music by The Phantom Chords.

12.45 Get Stuffed: ITN News Headlines.

1.25 Dury.

1.45 Get Stuffed.

1.50 WWC Pro Wrestling.

2.40 Loose Cannon.

2.55 World Beach Volleyball 1992.

4.30 The Hit Man and Her.

## CHANNEL4

6.00 Early Morning. 10.00 Sign On. 10.30 Film: For Thos in Parli. 11.40 Sign On. 12.00 Smart. 12.30 pm The Beverly Hillsbillies.

1.00 Film: Desires Rides Again. Classic Western, with Marlene Dietrich as a sultry saloon singer and James Stewart as a peace-loving lawman (1939).

2.45 The Day.

2.55 Scottish Farm Dairy Foods. 3.25 Edinburgh Woolen Mill's Future Champion Novices' Chase. 4.05 William Hill Scottish National (H'Cap), and the 4.40 Harrods Scottish Juvenile Series Championship Final.

5.05 The Day.

6.30 To Reply. Viewers' reactions to Cutting Edge: Coppers, and election coverage on television. A report by Peter Taylor asking why the ITC banned the 'Tango, orange man' advertisement.

7.00 A Week in Politics. Ivor Crewe, Professor of Government at Essex University, Andrew Dilnot, Director of the Institute of Fiscal Studies, and Gwyn Davies, Managing Director of Goldman Sachs, discuss problems that may affect the incoming government; a look at the Splitting Image team preparing for their election programme plus the city's reaction to the election results.

8.00 TV Heaven: Introduction. Frank Hughes' TV Heaven series.

8.05 The Fastest. Sitcom about a West Indian family living in London, starring Larry Henry and Norman Macdonald.

8.55 Ready When You Are Mr. McGill. Jack Rosenthal's comedy play, featuring a production crew on location filming a lowly extra (Joe Black) who keeps getting his one line wrong.

10.05 Bouquet of Barbed Wire. Adaptation of Andrea Newman's novel of infidelity, jealousy and obsession.

11.10 Aquarius. Sir Peter Hall introduces a film focusing on the importance of British reggae, and talks to musicians at the Notting Hill Carnival.

12.00 Film: Inevitable Stripes. Gangster movie, with George Raft and Humphrey Bogart. Raft earns illegal dollars to prevent his younger brother from turning to crime. Part of the Public Enemy series (1940).

1.30 Close.

## REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.35 Wm Munsters Today. 1.05 Anglia News. 1.35 Border News. 1.55 Chesham. 2.25 Chesham. 2.55 Chesham. 3.25 Chesham. 3.55 Chesham. 4.25 Chesham. 4.55 Chesham. 5.25 Chesham. 5.55 Chesham. 6.25 Chesham. 6.55 Chesham. 7.25 Chesham. 7.55 Chesham. 8.25 Chesham. 8.55 Chesham. 9.25 Chesham. 9.55 Chesham. 10.25 Chesham. 10.55 Chesham. 11.25 Chesham. 11.55 Chesham. 12.25 Chesham. 12.55 Chesham. 1.00 Chesham. 1.05 Chesham. 1.10 Chesham. 1.15 Chesham. 1.20 Chesham. 1.25 Chesham. 1.30 Chesham. 1.35 Chesham. 1.40 Chesham. 1.45 Chesham. 1.50 Chesham. 1.55 Chesham. 2.00 Chesham. 2.05 Chesham. 2.10 Chesham. 2.15 Chesham. 2.20 Chesham. 2.25 Chesham. 2.30 Chesham. 2.35 Chesham. 2.40 Chesham. 2.45 Chesham. 2.50 Chesham. 2.55 Chesham. 3.00 Chesham. 3.05 Chesham. 3.10 Chesham. 3.15 Chesham. 3.20 Chesham. 3.25 Chesham. 3.30 Chesham. 3.35 Chesham. 3.40 Chesham. 3.45 Chesham. 3.50 Chesham. 3.55 Chesham. 4.00 Chesham. 4.05 Chesham. 4.10 Chesham. 4.15 Chesham. 4.20 Chesham. 4.25 Chesham. 4.30 Chesham. 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Note to Editor: Here is my piece for Saturday's FT. I'm afraid I've had to file on Wednesday: I have pressing financial matters to attend to in the Cayman Islands and there's only one flight a week. But the polls are remarkably consistent that there will be a Tory defeat, so this piece should hold.

So, as all the pundits predicted, the Conservatives have suffered a crushing rebuff from the electorate. It is, as the polls forecast so unanimously, the biggest swing against a party in power since the war.

Now the Tory inquest must begin - although it had begun unofficially over the past three weeks as it became increasingly clear that John Major's campaign was running into the sands.

I am not writing with the benefit

## Without benefit of hindsight

Dominic Lawson explains why the Tory campaign was such a disaster

of hindsight when I say that the shortcomings of the Tory campaign have not been the result only of poor presentation. Rather, they reflect a real weakness at the heart of Tory policy-making. The party has not yet come to terms with the departure of Margaret Thatcher and is suffering an identity crisis as a result. It had almost nothing to say about the need to reform the way the country is governed, even though it is now clear that change was both inevitable and desirable.

As the electorate has correctly sensed, a healthy democracy requires change and choice in the character of government. It would have required very compelling arguments to re-elect any party after 13 years in power: the Tories

looked as if they had run out of steam and needed to re-think their priorities away from the cares of office.

For all that, the Conservatives might have won this election had they run the campaign with even half the verve and style of their opponents, both Labour and Liberal Democrats.

But John Major cannot compete with Neil Kinnock as a platform orator and the contrast was there for all to see on the television news. Major's attempt to counter this by standing on a soap-box at every opportunity was a gimmick which, we can now see, back-fired horribly. It was un-prime ministerial and undignified. In the purge which will now take place at

Conservative Central Office, the first person to lose his job will be the one who thought-up the soap-box - that is, if anyone can be found to admit to it.

John Major himself, however, must take much of the blame on to his own shoulders. The greatest challenge that faces a prime minister is the loneliest one: the responsibility of choosing when to go to the people.

John Major fumbled it on two occasions. First, in the immediate aftermath of the Gulf War. That was when Margaret Thatcher would have dissolved parliament. Indeed, had Michael Heseltine been elected leader of the Conservative Party that is what he would have done, too. And either would have

won a khaki election.

Even less forgivably, Major failed to call a General Election in November, as many of us advocated, before the full depth of the recession became evident. That was probably his last chance ahead of the tidal wave of mortgage repossessions and business failures which ate into the traditional Tory bedrock of support in the south-east.

The sad truth is that Major is not quite the asset he once was to the Tories. There was a time when Central Office regarded him as the election-winner. His decency and compassion were what would get the Tories through, even though they were fighting in the middle of a recession. But the lack-lustre

Tory campaign, coupled with the fact that Major, himself, is not a naturally impressive campaigner, has diminished the Conservative leader in the public's eye. Kinnock has survived the election unscathed, indeed enhanced - that is the true measure of just how bad the Tory campaign has been.

The judgment of history may well be that John Major was elected leader of the Conservative Party because he was not Margaret Thatcher but failed to be elected as prime minister for the same reason.

Hope that's OK for this weekend. Should the unimaginable happen and John Major is returned to Downing Street with a workable overall majority, just scrap this and run my Easter piece 'Humility: An Unfashionable Virtue'.

Best, Dominic.

■ Dominic Lawson is editor of the Spectator

## Front line stuff

Michael Thompson-Noel



ELECTION DAY. It is 1.45pm in Westminster North and I am scuttling round the polling station to cast my vote and help usher in an era of civilised, consensual, coalition governance in these weary, wracked Isles. I am also hoping for proportional representation, £1bn more on education, faster trains, better food, brighter newspapers, cleaner cinemas, smaller telephone bills and a dramatic uplift in the price of gold.

Yes, I am voting for Wing-Commander Paddy Ashdown and his valiant Liberal Democrats. The only blot on the landscape, the only fly in the pie, is the knowledge that my vote for liberty, fraternity and Wing-Commander Ashdown will be neutralised and ground to dust by the vote of Miss Lee, my executive assistant, a hardline Thatcherite.

I saw her just a moment ago, wearing a lot of Jaeger. "Good afternoon, Miss Lee", I said. "Off to vote for five years more of Tory Terror? Another four nuclear subs? Tax breaks for stag hunts?"

I have to be careful how I goad her. If I overstep the mark she shuts herself in her office and rings her 24-hour emergency gardener. Among the Jaeger mob in Kensington and Notting Hill, 24-hour emergency gardeners are very much the thing. All are tall and hirsute. I believe they have mobile phones.

2.55pm. I have now walked about half-a-mile west, to the Portobello Road, so have crossed the constituency boundary between Westminster North and Kensington. The Tory MP in Kensington is Dudley Fishburn. The Tory MP in Westminster North is an even nicer man, the unbelievably industrious Sir John Wheeler. Pity he's got to go.

## HAWKS & HANDSAWS

I am shopping for cauliflowers. Also a duck. This is Rasta territory, though there is scant sign of the brothers, or of election fever. I can hear about 17 languages. I buy a cauliflower. Also an 8 lb duck. I return to my own constituency. Miss Lee is not impressed. She is wearing her afternoon jewellery. "That is not a cauliflower", she says, "and that is not a duck. We shall have to dine out this evening."

6pm. On the Six O'Clock News, Anna Ford tells us that a high election turnout is expected, and shows us pictures of the three leaders voting for their constituencies. The Wing-Commander looks jubilant.

8.15pm. I and Miss Lee walk to Queensway to dine. It must be the most cosmopolitan street in Britain: a mixture of Calvo, Marseilles and Mazatlan. Quiridly, it sets me thinking about the ozone layer and the rainforests, the Japanese stockmarket crash and the great wind machine of international finance, refugees and immigration - in short, the sort of issues that are virtually ignored during the election campaign because the media (not the politicians) were lazily obsessed with cranking out stories about minute fluctuations in the opinion polls, as though anyone apart from the pollsters and pundits cared more than a paragraph's worth about such claptrap.

10.55pm. Most action yet, though the TV channels are manufacturing vast clouds of nonsense based on the projected swings shown by... exit polls.

11.45pm. On BBC1, David Dimbleby declares that a long night looms.

Friday, 1am. I stroll to Portchester Hall, hoping to attend the count for Westminster North. The door is blocked by police. "Where's your yellow ticket?" a constable asks. "You should have applied for a yellow ticket four weeks ago. We cannot let you in, Sir. Those are our instructions. We are only carrying them out."

2.57am. "John Wheeler holds Westminster N" flashes across the bottom of my TV screen. The Tories look home and dry, which means I'll have to wait a few more years for faster trains, better food, brighter newspapers, cleaner cinemas and smaller telephone bills. God knows what the gold price is doing.

5.28am. Neil Kinnock makes a dignified and moving speech outside Labour party headquarters which ought to haunt those who voted for a few extra grubby pounds in their pay packets.

7.15am. Miss Lee sweeps into the room where I am eating a lonely breakfast. She is dressed entirely in Chanel. There are emeralds all about her. Her skin glows like silk. "I expect you journalists will want to be at your typewriters pretty smartish this morning", she says. "Most of you have spent most of the night writing about what to do with some stories, want to get back to news."

WHEN THE shambling bear of Soviet Communism lost his claws, Americans found a new bogeyman in Japan. Their fear of a Kremlin plot to conquer by force of arms was replaced by fear of a Japanese conspiracy to achieve world economic domination.

One of the first people to alert the world to Japan's post-war success story was Professor James Abegglen, the American son of a Swiss cheesemaker from Riplinger, Wisconsin. Abegglen is the man who invented the phrase "Japan Inc", and who gave the Japanese a word for their system of lifetime employment: *shushinko*.

As a US marine he fought on Guam and Iwo Jima and was twice wounded. Later he joined the team that surveyed the bomb damage in Hiroshima. Ten years after the war, armed with a Chicago PhD in social anthropology and a Harvard diploma in Japanese, he went back.

He has lived there ever since. He is married, for the second time, to a Japanese wife, Hiroko; they have a small flat in Tokyo and a big seafaring house in a picturesque fishing village on Chiba Bay.

A young and humorous 66, Abegglen claims to be the first westerner to make a serious study of Japanese industrial organisation after the war, thus may be considered the doyen of management consultants in his field.

So, on one of his flying visits to London, I asked him whether Americans - or any of us - were right to fear the Japanese.

"At a micro level" (this is how management consultants talk) "you could say that to the extent Japan succeeded in automobiles and the US failed, someone has lost a job. It's not surprising that as the US senses its diminished position in the world, it casts about for a scapegoat."

"But in any ultimate sense, of course, no. The enormous economic success of the US was not at the expense of Europe. Economics isn't a zero-sum game."

Abegglen's thesis is that the West, encouraged by the rhetoric of ignorant Washington politicians, has invented a cunning Oriental demon to explain away Japan's startling success. We have made a mystery where there is none.

But what about the unfair trading practices which have been identified over the years? I asked.

"No, I'm sorry. It's all very well to say the Japanese cheated on this or that, but everyone does. The US is protectionist in its way. I've no doubt that Britain has its own little protectionist games, too. In the last decade or so the Japanese economy is as open to trade and investment as any - and in some ways more open."

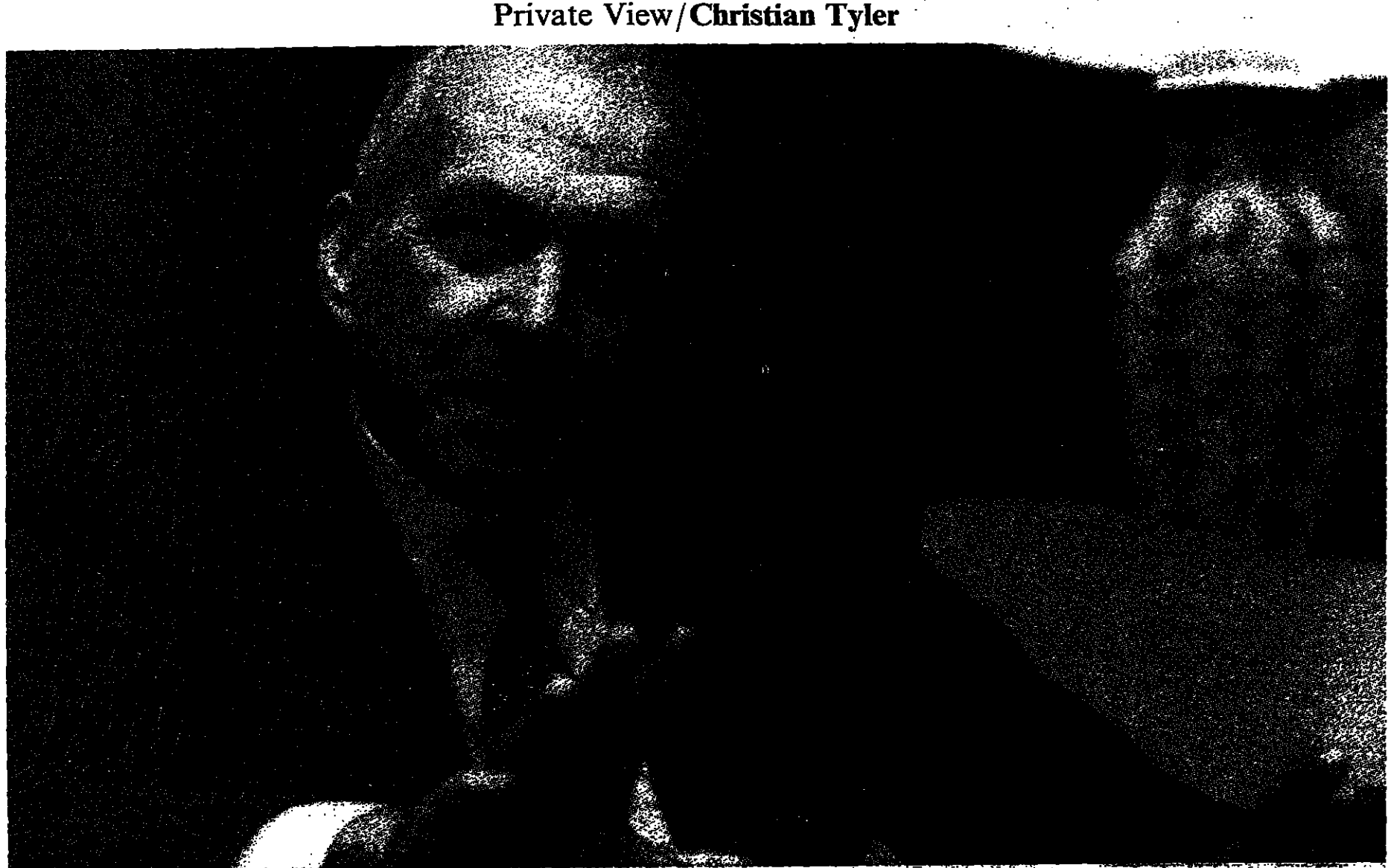
Did Japan succeed in spite of protectionism, or because of it?

"One has to be careful not to get too sweeping about these things. Every nation has always had to protect infant industries. Until the late 1980s Japan was the most closed economy in the world. But as it reached a certain degree of competence, size, scale and efficiency, it opened. Had it not opened it would not have become as powerful as it is now."

"In the US we had enormous amounts of protection through the 19th century. As we took off, we opened up - in our own interests. It wasn't because we were nice fellows."

So what do people mean by "Japan Inc", then?

"I rather wish I could take that phrase back. As I used it originally I was trying to convey the sense of a quite homogeneous society where



## The man who discovered Japan Inc

Professor James Abegglen has spent 40 years in a country he believes the West misunderstands

there was competition between divisions but a common financial policy. It seemed useful at that time to describe Japan as a kind of super-conglomerate.

"Unfortunately, because the term turned out to be very catchy, it came to mean conspiratorial Japan - some bearded gentleman at the console of a computer, that kind of thing. And that of course was never the case."

But whole books have been written about their industrialists' secret cartels, I said.

"You know, I think we should really face a couple of things. Japan's success has had no historical precedent. That in itself is very hard for us to get used to. The other is that it came from Asia, and Asians are not supposed to be industrially rich. Emotionally, we in the West find this very, very hard to deal with."

"That leads us to say it must have been done by cheating. But I don't think we have any sense how long Japan was working at it - its industrial efforts go back to the 1870s. Also, I suppose, we took for granted that we have some commanding position in technology and income levels. Americans think they have some God-given right to be the richest."

The professor agreed, however, that the Japanese contribute to foreigners' suspicion by their own responses. "In trade negotiations, instead of telling the Americans to

go to hell, they always try to give ground. The Americans take that as a sign there's something there, and ask for more."

Do none of the racial stereotypes have any truth? What about their reputation for conformism?

"Certainly Japan has eccentricities - though perhaps quite not to the British degree. I mean one thinks of the extraordinary achievements in drama, poetry, design. One has to be careful. If I describe the Japanese as a bit more group-focussed, family-oriented, more prone to identify with the company, that's a fact, a sociological fact. But I'm not saying that they all conform."

"I suppose the fact they are very hard far away, that they all look alike to us, has a great deal to do with it. We like simplicity. It's nice to say, well, they're a bunch of conformists, they all march together. Surely we're aware that if that were the case they would not have so successful a society."

What about the common allegation that they can't invent?

"Well, it's not true. I think we're past that. You say they can't invent but they have the Noh Theatre, the Kabuki Theatre."

That's pretty stylised and traditional.

"Someone had to invent it."

But it hasn't changed since 1300 or something.

"Yet we find that in Paris Japanese designers are high fashion. They have great architects, Nobel

prizewinning novelists. How can we still insist there's no originality?"

"But they do have a talent for picking up other people's ideas, don't they?"

"Yes, I would say that. And simultaneously preserving their system. But the first stage of development is always copying, as you know."

Why, asked the professor, were we so reluctant to give the Japanese the credit for what they had done?

"Here are people who came out of extraordinary destruction and defeat. They do not trade in weapons. They do not contribute to these ghastly wars that man is engaging in. They do not impose their values on other nations by seeking to change governments. They mind their own business and are now the largest suppliers of aid in the world."

"Why is it that we have to view them as an enemy and try to say they don't really succeed in technology - that they just change the colour from fuchsia to chartreuse and slap a patent on?"

What is your answer to that?

"In the first place, I don't think the Japanese are terribly comfortable people - not very relaxed or casual. They don't have quite the ease of humour: they're a bit towards the German end of the spectrum. They don't blend easily with others which makes them, I think, a little harder to handle. But I say again, we find the speed and magnitude of Japanese success terribly threatening."

Prof Abegglen can easily sound like a mere apologist. So I asked him: Have you gone native?

He laughed. "I don't feel I have."

But perhaps your analysis is mistrusted?

"Well, that happens. Certainly I'm accused of being an apologist because I disagree with some of the more hostile clichés about Japan. But I still have major international companies as clients. They don't see me as a patsy."

If Japan had an institutional weakness, he said, it was its political immaturity. "There isn't the political leadership to take care of things like reducing the working week."

Is their success threatened by the young becoming westernised?

"That's a tricky area. Heavens, I don't understand my own children so I don't profess to understand young Japanese either. If one of my stepdaughters - I have two lovely Japanese stepdaughters - wears blue jeans instead of kimono has she changed her basic values? Or is she simply consuming differently?"

"My own sense is that the values have changed rather slowly. One doesn't see signs of increased criminal activity, for example, or dropouts from school. People worry about it, but the incidence isn't going up."

Abegglen is unapologetic admirer of Japanese companies' ability to combine intense commercial competition with egalitarian and humane employment policies.

"When they compete they compete hard. It's not a marshmallow roast. But the grotesque compensation paid in the US to chief executive officers would be unthinkable in Japan."

Their system is very attractive and it produces marvellous results. They have gone further than any in the world to deal with people in a decent fashion. In the US, we throw people away."

Westerners should not make the mistake of seeing the Japanese as ten feet tall, he concluded.

"We focus on the massive successes, the two huge engines that drive the economy - electronics and autos. But I will give you a parallel list in which Japanese companies have no distinction whatsoever: they have no aerospace industry to speak of, their chemical industry is fragmented, petroleum refining is a disaster both technologically and financially. ... There's a long list."

The forces slowing Japan down were already visible: the population was ageing, which would lead to a decline in savings. That would affect investment and labour supply. Growth would slow to 2 or 3 per cent a year, normal for a mature economy.

"But by the time that happens," said Professor Abegglen with a smile, "the Japanese will be by far the richest people on earth."

UNTIL THOSE opinion polls on the eve of the election, I like many others, thought Labour would form the next government. It was the first time since 1974 that I have thought this. Ever since the Thatcherite revolution of the 1980s, I have been a pessimist about Labour's chances. The attempts at renewal always seemed to fall far short of what was needed. History demanded something special, something profound. What was offered always seemed too narrow and pragmatic. But this time, I thought, maybe... I was wrong.

The reason for Labour's defeat does not lie in this campaign. We have to go back to that crucial period of the 1980s when the relationship between left and right was redrawn. Thatcher recognised that the Labour movement was losing its popular base. She comprehensively took it on and thereby transformed the parameters of politics. The reason for her success was a combination of ideology and material change, not least the decline of the old working class.

## The movement that lost its soul

Martin Jacques, former editor of Marxism Today, on Labour's defeat

Labour's initial response was in kind: it came under the sway of Tony Benn, who argued that Labour had lost in 1979 because it had strayed from the verities of socialism. The 1983 election proved this to be unsustainable. Along came Neil Kinnock who, in his own pragmatic way, saw that many of the old socialist nostras now had a distinctly hollow ring. Out went public ownership, 1970s style interventionism, opposition to the European Community, and unilateralism. The unions and the producer interests were consigned to the back seat.

There is no doubt that Kinnock was basically right. The problem, though, was one of motivation and effect. The changes were driven by electoral exigencies. One by one, those branches of Labour's tree that were deemed to be electorally

unpopular were lopped off. But these amputations left the patient lifeless. Labour lost its soul. The process was a product of two factors: electability and a Thatcherite agenda. In so far as it had intellectual roots, they belonged in the past: to Croslandite revisionism and the SDP. There was nothing wrong with that - except that its inspiration derived from the 1980s or 1960s. In contrast, Thatcherism was much more up to date. So a momentous change was made without an accompanying revival of intellectual dynamism or energy. Labour's repositioning was, above all, a marketing exercise.

The evidence is legion. Labour has sought to convey the impression that it is pro-European. Yet in this election it failed entirely to talk seriously about the European issue. It has edged towards a radical

position on the constitution, but only the Liberal Democrats were prepared to argue the case. As the party which has championed the public sector, Labour has steadfastly clung to a conservative view of reform in the sector. Here is a party which, rightly, has begun to see itself as a modernising, European social-democratic party, but which has not been prepared to come out of its corner, work out exactly what that means and share it with the electorate. In a situation where Labour has abandoned its past, and the ground rules of politics have been transformed by the Thatcherite revolution, that is utterly inadequate.

Labour now faces a task which is truly monumental. With this victory the Conservatives are now more than half established as the permanent governing party. This

election was the true test. It is not just the magic figure of four consecutive victories. Even more important is the fact that the Tories won after they had made the transition from Thatcherism to something rather wetter. They themselves provided the country with the political choice. It will now take something truly historic and momentous to shift them. The era of pragmatic modernisation, which is how one might describe "Kinnockery", is not up to the task.

The Kinnock era provided one crucial point of departure. There can and will be no return to traditional socialist politics. Those days are over. But the task of defining a progressive, post-socialist alternative to Conservatism is clearly only a beginning. Electoral reform and the new convergence of the Liberal Democrats and Labour is one pre-

requisite. But the problem is not simply electoral arithmetic, as the extraordinarily resilient Conservative share of the vote demonstrates. A successful progressive alternative will need to slice into that vote, not simply bring together those who are already non-Conservatives.

There is one sense in which this election has been part of the European landscape. Although Europe was barely mentioned in the campaign and there was no hint of the fragmentation evident in recent elections in Germany, France and Italy, these contests all have one thing in common. Everywhere, the left is in trouble. The search for a progressive alternative has an international dimension.

As I contemplated the results of the election on the morning after, my mind suddenly flashed back to my time at *Marxism Today*. I did not realise how profound and enduring its arguments about the decline of the left, the novelty of Thatcherism and the characteristics of our time were likely to prove. They seem as relevant now as when they were first written.